

MOLINA HEALTHCARE INC

Form DEF 14A

March 25, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No. ____)

Filed by the Registrant

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MOLINA HEALTHCARE, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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(4) Date Filed:

Notice of 2019 Annual Meeting of Stockholders
and
Proxy Statement

YOUR VOTE IS IMPORTANT TO US!
Please vote by using the Internet, the telephone or by
signing, dating, and returning your proxy card.

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Notice
of 2019
Annual
Meeting
of
Stockholders

Date and Time
Wednesday, May 8, 2019
10:00 a.m., Eastern time

Location
Park Hyatt New York
The Onyx Room
153 West 57th Street
New York, NY 10019

Items to be Voted On

To elect three
Class II
directors to
1 hold office
until the 2022
annual
meeting.

To consider
and approve,
on a
non-binding,
2 advisory basis,
the
compensation
of our named
executive
officers.

3 To adopt
amendments
to the
Company's
Certificate of
Incorporation,
as amended, to
phase out and
eliminate the
classified
Board of
Directors to
provide for the
annual

election of all
directors.

To approve
the Molina
Healthcare,
⁴Inc. 2019
Equity
Incentive Plan.

To approve
the Molina
Healthcare,
⁵Inc. 2019
Employee
Stock
Purchase Plan.

To ratify the
appointment
of Ernst &
Young LLP as
⁶our
independent
registered
public
accounting
firm for 2019.

To transact
such other
business as
may properly
come before
⁷the meeting or
any
adjournment
or
postponement
thereof.

Voting

We hope that you will participate in the Annual Meeting. In all cases, have your proxy card available when you start the voting process.

By internet
www.proxyvote.com

By toll-free telephone
1-800-690-6903

By mail
Follow instructions on your proxy card
Record Date

In person
At the Annual Meeting

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The Board of Directors has fixed the close of business on March 11, 2019 as the record date for the determination of stockholders entitled to notice of, and to vote, at the annual meeting and at any continuation, adjournment, or postponement thereof. This notice and the accompanying proxy statement are being mailed or transmitted on or about March 26, 2019 to the Company's stockholders of record as of March 11, 2019.

March 26, 2019 By Order of the Board of
Directors

Dale B. Wolf
Chairman of the Board

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Proxy Card & Instructions

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ABOUT MOLINA HEALTHCARE

Molina Healthcare, Inc., a FORTUNE 500, multi-state healthcare organization, arranges for the delivery of health care services to individuals and families who receive their care through the Medicaid and Medicare programs, and through the state insurance marketplaces (the “Marketplace”).

Our Mission

Molina’s mission is to provide quality health care services to financially vulnerable families and individuals who are covered by government programs.

2018 Financial Performance versus 2017 Financial Performance

In 2018, we earned \$10.61 per diluted share on net income of \$707 million. These results reflect the successful execution of the first phase of our margin recovery and sustainability plan.

	2018	2017
	(Dollars in millions, except per-share amounts)	
Total Revenue	\$18,890	\$19,883
Pre-Tax Income (Loss)	\$999	\$(612)
Medical Care Ratio	85.9%	90.6%
Pre-Tax Margin	5.3%	(3.1)%
After-Tax Margin	3.7%	(2.6)%
Net Income (Loss) per Diluted Share	\$10.61	\$(9.07)

The following graphs illustrate the magnitude of the turnaround in the Company’s financial performance in 2018 under the leadership of its new president and chief executive officer, who was hired in late 2017:

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2018 Management and Board Changes

In 2018, the Company continued with the restructuring of its senior management ranks that had commenced in May 2017 with the termination of both our former chief executive officer and former chief financial officer. Joseph M. Zubretsky was appointed president and chief executive officer on November 6, 2017. In February 2018, Terry P. Bayer retired as chief operating officer of the Company, and in June 2018, Joseph W. White retired as chief financial officer and treasurer of the Company. In January 2018, Mr. Zubretsky recruited Pamela S. Sedmak as executive vice president of health plan operations, and Mark L. Keim as executive vice president of strategic planning and corporate development. In May 2018, Mr. Zubretsky recruited James E. Woys as executive vice president of health plan services, and in June 2018, recruited Thomas L. Tran as chief financial officer and treasurer. In late 2018, Mr. Zubretsky recruited Maurice S. Hebert as chief accounting officer and in early 2019 Mr. Zubretsky recruited Larry D. Anderson as executive vice president and chief human resources officer. Jeff D. Barlow continues to serve as the Company's chief legal officer and secretary, positions which he has held since 2010. We believe that the Company's current senior management team, which has extensive health care experience, is well poised to execute on the Company's business strategy.

Mr. Zubretsky has been serving as our president and chief executive officer since November 6, 2017. He served as the president and chief executive officer of The Hanover Insurance Group, Inc. from June 2016 to October 2017. Prior to that, Mr. Zubretsky served almost nine years at Aetna, Inc., where he most recently served as chief executive officer of Healthagen Holdings, a group of healthcare services and information technology companies at Aetna, from January 2015 to October 2015. Prior to that, he served as a senior executive vice president leading Aetna's National Businesses from 2013 to 2014 and served as Aetna's chief financial officer from 2007 to 2013.

Mr. Tran has over 35 years of experience in health care, previously having served as the chief financial officer for Sentry Data Systems from 2014 to 2018, and as the chief financial officer of WellCare Health Plans, Inc. from 2008 to 2014.

Mr. Barlow has over 29 years of legal experience, including counseling clients regarding federal securities laws, corporate governance, mergers and acquisitions, and litigation.

Ms. Sedmak brings more than 25 years of Medicaid managed care leadership experience in operations, strategy, and finance. Most recently, she was a senior adviser at McKinsey & Company, serving clients in the health care services and global corporate finance practice areas, and prior to that she served as president and chief executive officer for Aetna Medicaid/Dual Eligibles. Before Aetna, Ms. Sedmak held C-level leadership positions at Blue Cross and Blue Shield of Minnesota, CareSource, and General Electric.

Mr. Woys also has over 35 years of health care experience, of which he spent 30 years at Health Net where he most recently served as the executive vice president and chief financial and operating officer.

Mr. Keim has experience in the managed care and financial services fields, having served as executive vice president of corporate development and strategy for The Hanover Insurance Group, and prior to that having lead major strategic initiatives for Aetna, and having served as senior vice president of strategy and business development at GE Capital.

Mr. Hebert joined the Company from Tufts Health Plan, where he served as senior vice president of finance from 2016 to 2018, and prior to that, Mr. Hebert served as chief accounting officer at WellCare Health Plans, Inc. from 2010 to 2016.

Mr. Anderson has previously served as the chief human resources officer for WellCare Health Plans from October 2010 to August 2016, and most recently served as the chief administrative officer for Meduit LLC from April 2017 to December 2018.

In addition, the Board also experienced additional changes in 2018, as John C. Molina resigned as a director in February 2018, and Richard C. Zoretic joined the Board as a Class II director effective as of August 1, 2018.

Business Strategy

The new senior management team has embarked on a deliberate turn-around strategy aimed at margin recovery and sustainability, pursuit of targeted growth opportunities, enhancement of our talent and culture to align with our strategic initiatives, and development of the future capabilities needed to address the evolving healthcare environment. Our strategy focuses on the following four key areas, which are described in detail below: margin recovery and sustainability, growth opportunities, talent and culture, and future capabilities.

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Margin Recovery and Sustainability

We are executing a comprehensive, short-term plan designed to restore margins through expense reductions, operating improvements, execution of managed care fundamentals, and divestiture of non-strategic assets. In addition, we are working to enhance our balance sheet by implementing a disciplined approach to capital management.

We are simplifying our provider networks. We are terminating or renegotiating high-cost providers, narrowing networks in certain geographies, evaluating stop-loss thresholds and carve-outs, implementing value-based contracting, and evaluating ancillary services and pharmacy benefit management pricing and operations. In addition, we have exited substantially all direct delivery operations.

We are striving to improve the effectiveness of utilization review and care management. Areas of focus include specialist referrals, pre-authorization, concurrent review, high acuity populations and high utilizers of services, emergency room utilization, and behavioral and medical integration.

We are addressing at-risk revenues and risk adjustment. We seek to more effectively engage in state rate setting, improve Medicare Star Ratings, increase retention of quality revenue withholds, and focus on coding and documentation to achieve risk scores commensurate with the acuity of our population.

We are working to improve our claims payment function. The key areas of improvement we are focusing on include provider experience, payment accuracy, and oversight of claims fraud, waste and abuse.

We are evaluating and outsourcing certain elements of our information technology and management function. We seek to standardize our administrative platform, streamline operations and procedures, evaluate potential co-sourcing and/or outsource operational components, and consolidate data warehousing and data mining capabilities.

Growth Opportunities

Our immediate goal is to win re-procurements of state contracts and to capitalize on opportunities to achieve measured growth. We see numerous opportunities for growth in our legacy state health plans and programs. We have already experienced some success in the pursuit of new revenue and the defense of existing revenue:

In May 2018, our Washington health plan was selected by the Washington State Health Care Authority to enter into a managed care contract for the eight remaining regions of the state's Apple Health Integrated Managed Care program, in addition to the two regions previously awarded to us.

In June 2018, our Florida health plan was awarded comprehensive Medicaid Managed Care contracts by the Florida Agency for Health Care Administration in Regions 8 and 11 of the Florida Statewide Medicaid Managed Care Invitation to Negotiate.

In July 2018, our Puerto Rico health plan was selected by the Puerto Rico Health Insurance Administration to be one of the organizations to administer the Commonwealth's new Medicaid Managed Care contract.

Our Mississippi health plan commenced operations on October 1, 2018 and served approximately 26,000 Medicaid members as of December 31, 2018. In December 2018, our Mississippi health plan was awarded a contract by the Mississippi Division of Medicaid for the Children's Health Insurance Program. Services under the new three-year contract were initially set to begin July 1, 2019; however, the start date is now pending the outcome of a protest of the contract awards.

Talent and Culture

We intend to drive our strategic initiatives by evolving to a more accountable and performance-driven culture with the right talent in the right jobs. We believe that the success we have had in recruiting new leaders to our current senior executive team has given us a strong start and we are optimistic about this initiative.

Future Capabilities

We are focused on building future capabilities needed to address the evolving healthcare environment and competitive pressures. We believe that key future differentiating capabilities include, but are not limited to, population health management, complex care management, advanced value-based contracting, advanced data analytics, and improved member experience. We are creating a road-map designed to meet these market demands by developing the people, processes, and technologies we require to build these capabilities.

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Stock Performance

The 2018 cumulative total return on our common stock in 2018 was 51.6% compared to the 2018 cumulative total return of the Standard & Poor's Corporation Composite 500 Index (S&P 500) of -6.2%. The following line graph compares the percentage change in the cumulative total return on our common stock against the cumulative total return of S&P and a peer group index for the period from January 1, 2017 to February 2, 2019. The peer group index consists of our peer group used for the 2018 and 2019 compensation studies for our named executive officers (except for Aetna, Inc. which was acquired in 2018), as follows: Acadia Healthcare Company, Inc., Anthem, Inc., Centene Corporation, Cigna Corporation, Community Health Systems, Inc., DaVita Inc., Humana, Inc., Magellan Health, Inc., Tenet Healthcare Corporation, Triple-S Management Corporation, Universal Health Services, Inc., and WellCare Health Plans, Inc.

The comparison assumes \$100 was invested on January 1, 2017, in our common stock and in each of the foregoing indices and assumes reinvestment of dividends. The stock performance shown on the graph below represents historical stock performance and is not necessarily indicative of future stock price performance.

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Matters for Stockholder Voting

At this year's annual meeting, we are asking our stockholders to vote on the following six matters:

Proposal	Board Vote Recommendation
To elect three Class II directors to hold office until the 2022 annual meeting.	FOR
To consider and approve, on a non-binding, advisory basis, the compensation of our named executive officers.	FOR
To adopt amendments to the Company's Certificate of Incorporation, as amended, to phase out and eliminate the classified Board of Directors to provide for the annual election of all directors.	FOR
To approve the Molina Healthcare, Inc. 2019 Equity Incentive Plan.	FOR
To approve the Molina Healthcare, Inc. 2019 Employee Stock Purchase Plan.	FOR
To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2019.	FOR

Election of Directors

You are being asked to vote for three Class II directors, Barbara L. Brasier, Steven J. Orlando, and Richard C. Zoretic - each for a three-year term expiring in 2022. This proposal requires for each nominee the affirmative vote of a majority of votes cast at the annual meeting.

Governance Highlights

- Independent chairman.
- Independence
 - Other than Joseph M. Zubretsky, all of our directors are independent.
 - All of our Board committees are composed exclusively of independent directors.
- Executive Sessions
 - The independent directors regularly meet in private without management.
- Board Oversight of Risk Management
 - Our Board has principal responsibility for oversight of the Company's risk management process and understanding of the overall risk profile of the Company.
 - Our non-executive directors must hold shares of the Company's common stock with a value of at least four times the aggregate annual cash retainer amounts payable to such directors, within five years of joining the Board.
- Share Ownership Requirements
 - Our chief executive officer must hold shares of the Company's common stock with a value of at least five times his annual base salary.
 - Our chief financial officer must hold shares of the Company's common stock with a value of at least four times his annual base salary.
 - Our other named executive officers must hold shares of the Company's common stock with a value of at least two times their annual base salaries.
- Board Practices
 - Our Board annually reviews its effectiveness as a group, with the results of the annual review being reported to the Board.

- Nomination criteria are adjusted as needed to ensure that our Board as a whole continues to reflect the appropriate mix of skills and experience reflected in our strategic plan.

- We have a clawback policy that entitles the Company to seek recovery by the Company of incentive-based compensation from current and former executives in the event of any accounting restatement due to material noncompliance by the Company with any financial reporting requirement under applicable securities laws.

- Our insider trading policy prohibits all directors, executive officers, and vice presidents of the Company or subsidiary executive officers from engaging in short sales and hedging transactions relating to our common stock, as well as imposing limits on pledging of our common stock.

- Directors must be elected by a majority of votes cast.

Accountability

- Bylaws provide for “proxy access,” including the following key terms: 3% ownership for 3 years, 20% of Board, and up to 20 stockholders being able to aggregate.

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Proxy Statement

This proxy statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Molina Healthcare, Inc. (“Board” or “Board of Directors”) for the annual meeting to be held on Wednesday, May 8, 2019, at 10:00 a.m. Eastern time. Please review this proxy statement in its entirety and the Company’s 2018 Annual Report on Form 10-K for year ended December 31, 2018 (“Annual Report”) before voting. In this proxy statement, we may refer to Molina Healthcare, Inc. as the “Company,” “Molina Healthcare,” “our” or “we”.

Proposal 1 - Election of Directors

Our Board of Directors is currently divided into three classes, designated as Class I, Class II, and Class III (however, see Proposal 3 below regarding de-classification of Board of Directors). Each class currently has three Board seats, and only one class of directors is subject to election each year. For 2019, the Class II directors are subject to election. The Class III directors will be subject to election at the 2020 annual meeting, and the Class I directors will be subject to election at the 2021 annual meeting. The three directors to be elected as Class II directors at the 2019 annual meeting will serve a term of three years, to last until the 2022 annual meeting. All directors shall serve until the expiration of their respective terms and until their respective successors are elected and qualified, or until such director’s earlier resignation, removal from office, death, or incapacity.

Under our bylaws, each director nominee receiving a majority of the votes cast at the meeting at which a quorum is present will be elected as a director. If a nominee for director who is an incumbent director is not elected and no successor has been elected at the meeting, that director will continue to serve as a “holdover director” until a successor is qualified and elected. However, under our bylaws the holdover director would be required to tender his or her offer to resign to our corporate secretary promptly following certification of the election results. Within 90 days following certification of the election results, (i) the corporate governance and nominating committee will consider, and make a recommendation to the Board, as to whether to accept or reject the resignation, or whether other action should be taken, and (ii) the Board will act on the committee’s recommendation and publicly disclose its decision and the rationale behind it. The holdover director would not participate in either the committee’s or the Board’s deliberations regarding that director’s offer to resign.

Currently, the three incumbent Class II directors are Charles Z. Fedak, Steven J. Orlando, and Richard C. Zoretic. Mr. Fedak will be retiring as a director at the end of his term and will not stand for re-election. The Board of Directors, upon recommendation of the corporate governance and nominating committee, has nominated for election a new nominee, Ms. Barbara L. Brasier, and two of the incumbent Class II directors, Mr. Orlando and Mr. Zoretic.

The Board believes that each of the three Class II nominees possesses the requisite qualifications, skills, experience, and expertise to oversee the operations and to provide strategic counsel and advice to, the Company. In addition, each of the three Class II nominees meet the independence standards contained in the New York Stock Exchange (“NYSE”) corporate governance rules and Molina Healthcare’s Corporate Governance Guidelines. For a summary of the director nominees, including their respective qualifications, skills, and experience, please see the information below provided under the captions, “Business Experience” and “Skills and Qualifications,” next to each director nominee’s name.

Proxies can only be voted for the three named director nominees.

In the event any nominee is unable or declines to serve as a director at the time of the meeting, the proxies will be voted for any nominee who may be designated by the Board of Directors to fill the vacancy. As of the date of this proxy statement, the Board of Directors is not aware of any nominee who is unable or will decline to serve as a director.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF EACH DIRECTOR NOMINEE.

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Information About Director Nominees

Class II Director Nominees for 2019

Barbara L. Brasier Business Experience

- Retired Senior Executive Age: 60 Director Nominee
- Has over 38 years of corporate finance and accounting experience
- Served as Chief Financial Officer for Herc Rentals Inc. from 2015 to 2018
- Served as Senior Vice President and Treasurer of Kraft Foods, Inc. from 2011 to 2012 and from 2009 to 2010 and Senior Vice President, Finance of Kraft Foods Europe from 2010 to 2011
- Served as Senior Vice President, Tax and Treasury for Mondelez International (successor to Kraft Foods, Inc.) from 2012 to 2015
- Served as Vice President and Treasurer at Ingersoll Rand, a diversified industrial company, from 2004 to 2008
- Served in a variety of corporate and business unit roles at Mead Corporation from 1984 to 2002, starting as general accountant and progressing to Director of Audit, divisional Chief Financial Officer, and divisional President. From 2002 to 2004, served as Treasurer of MeadWestvaco Corporation (successor to Mead Corporation)
- Began career in public accounting, working in audit and tax at Touche Ross & Co. (now Deloitte & Touch)
- Holds a B.S. in accounting (summa cum laude) from Bowling Green State University
- Holds an MBA from University of Dayton

Certified Public Accountant

Skills and Qualifications

Ms. Brasier has been a leader for a diverse portfolio of international public companies over her 38-year career in corporate finance and accounting, and has a broad and deep skill set, built from working in every facet of finance, as well as leading business operations. Ms. Brasier has experience managing large-scale change brought about by mergers, acquisitions, and transformative reorganizations, and has managed exceptional business challenges, frequently building teams and processes from scratch. We believe that her skills and experience will make her an invaluable addition to the Board.

Mr. Steven J. Orlando Business Experience

- Founder, Orlando Company Age: 67 Director Since: 2005 (Class II)
- Has over 40 years of business and corporate finance experience
- From 2000 to the present, has operated his own financial management and business consulting practice, Orlando Company

Board	Served as Greater Sacramento Bancorp director and chairman of its audit committee from January
Committees:	2009 to January 2015
•	•
Audit (Chair & Financial Expert)	Served on multiple corporate boards, including service as chairman of the audit committee for Pacific Crest Capital, Inc., a Nasdaq-listed corporation
•	•
Compensation	Served as Chief Financial Officer for various companies from 1978- 2000
•	•
Information Technology & Cybersecurity	Practiced as Certified Public Accountant with Coopers & Lybrand CPAs from 1974 to 1977
•	•
Finance	Holds a B.S. in accounting from the California State University, Sacramento
	•
	Certified Public Accountant (inactive)
	Skills and Qualifications
	Mr. Orlando's extensive business, accounting, operations, and corporate finance experience with a wide range of companies gives him valuable and practical insights regarding the operational and financial issues confronting business enterprises. In addition, his service on multiple corporate boards and audit committees, including those of a publicly traded financial institution and a Nasdaq-listed corporation, renders him well qualified to serve as the chairman of the audit committee, and to serve on multiple other committees of the Board.

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Mr. Richard C. Zoretic	Business Experience
Director, Babel Health & Aveanna Healthcare	<ul style="list-style-type: none"> • Current Member of the Board of Directors of Babel Health, a software company offering risk adjustment solutions for government sponsored health plan businesses, since 2018 • Current Independent Director of Aveanna Healthcare, provider of pediatric care, since 2017
Age: 60	•
Director Since: 2018 (Class II)	<ul style="list-style-type: none"> • Current member of the Board of Directors of Kepro, a medical management and cost containment solution provider, since 2018 • Former member of the Board of Directors of Landmark Health from 2014 to 2018; HealthSun Health Plans from 2016 to 2017; and, Eastern Virginia Medical School from 2011 to 2014
Board Committees:	•
Compliance & Quality	<ul style="list-style-type: none"> • Executive Vice President, WellPoint, Inc. and President of WellPoint’s Government Business Division, from 2013 to 2014 •
Audit	<ul style="list-style-type: none"> • Amerigroup Corporation, from 2003 to 2012, with positions including: Chief Operating Officer from 2007 to 2012; Executive Vice President, Health Plan Operations & Healthcare Delivery from 2005 to 2007; and Chief Marketing Officer from 2003 to 2005 • Management Consultant at Healthcare Practice, Deloitte Consulting from 2001 - 2003 • Executive Vice President at iSolutions, Workscape, Inc. from 2000 - 2001 • Various executive positions at United Health Group, from 1994 to 2000, including: President, Commercial Middle Market Business Segment from 1999 to 2000; Senior Vice President, Mid-Atlantic Operations from 1996 to 1999; and Senior Vice President, Corporate Sales & Marketing from 1994 to 1996 • Graduated Pennsylvania State University, with a B.S. in Finance
	<p>Skills and Qualifications</p> <p>Mr. Zoretic has more than 30 years of experience in the healthcare business field, with responsibilities ranging from company operations to business structuring. He has also served in several board of director positions for healthcare and health technology companies. Mr. Zoretic’s comprehensive business background, and extensive past and current board experiences, provide an invaluable knowledge base for his service on the Board and as a member of the compliance and quality committee, and the Company’s audit committee.</p>

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Information About Directors Continuing in Office

Directors Whose Terms Are Not Expiring In 2019

Joseph M. Zubretsky	Business Experience
Age: 62	•
Director Since: 2017 (Class III)	Has served as President and Chief Executive Officer of Molina Healthcare, Inc. since November 6, 2017
	•
	President and Chief Executive Officer of The Hanover Group from June 2016 to October 2017
	•
	Chief Executive Officer and Senior Executive Vice President of Healthagen, LLC, a subsidiary of Aetna, Inc., from January 2015 to October 2015
	•
	Senior Executive Vice President of National Businesses of Aetna, Inc. from February 2013 to December 2014, Senior Executive Vice President and Chief Financial Officer from November 2010 to February 2013, Executive Vice President and Chief Financial Officer from March 2007 to November 2010, and Chief Enterprise Risk Officer from April 2007 to February 2013
	•
	Senior Executive Vice President of Finance, Investments and Corporate Development of Unum Group from 2005 to 2007 and Interim Chief Financial Officer from 2006 to 2007
	•
	Special Partner, Chief Investment Officer, and Chief Financial Officer at Brera Capital Partners from 1999 to 2005
	•
	Executive Vice President of Business Development and Chief Financial Officer of MassMutual Financial Group from 1997 to 1999
	•
	Member of the Boards of Directors of several companies, including The Hanover Group from 2016 to October 2017
	•
	Certified Public Accountant (inactive)
	•
	Holds a B.S. in Business Administration from University of Hartford, West Hartford, CT
	Skills and Qualifications
	Mr. Zubretsky has more than 35 years of experience as a senior executive in strategy, operating, and finance roles in some of the world's top insurance and financial companies including Aetna, Inc. and The Hanover Group. Since joining the Company in November 2017, Mr. Zubretsky has successfully led the Company in its turnaround and margin sustainability plan, achieving a year-over-year turnaround in net income from 2017 to 2018 in excess of \$1.2 billion.

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Gov. Garrey E. Carruthers	Business Experience
Chancellor Emeritus of New Mexico State University	<ul style="list-style-type: none"> • Chancellor of New Mexico State University from June 1, 2015 to July 1, 2018, and President from 2013 to July 1, 2018 • Served as Dean of the College of Business of New Mexico State University from 2003 to 2013
Age: 79	•
Director Since: 2012 (Class I)	<ul style="list-style-type: none"> • Served as New Mexico State University’s Vice President for Economic Development from 2006 to 2013 • Served as the Director of the University’s Pete V. Domenici Institute since 2009
Board Committees:	<ul style="list-style-type: none"> • Was the President and Chief Executive Officer of Cimarron Health Plan in New Mexico from 1993 to 2003 • From 1987 to 1990, served a term as the Governor of the State of New Mexico • From 1981 to 1984, served as Assistant Secretary of the U.S. Department of the Interior
• Compliance & Quality (Chair)	<ul style="list-style-type: none"> • Holds a Ph.D. in economics from Iowa State University • Skills and Qualifications
• Corporate Governance & Nominating Committee	<ul style="list-style-type: none"> • In addition to being the former Governor of New Mexico, a former member of the Reagan Administration, and professor of economics, Gov. Carruthers also has extensive experience in the healthcare industry. Gov. Carruthers’ former service as the president and chief executive officer of Cimarron Health Plan, Inc., a managed care health plan in Albuquerque New Mexico, and the predecessor to Molina Healthcare of New Mexico, has given him broad exposure to the managed care industry. In addition, Gov. Carruthers served as a Chancellor of the New Mexico State University system, which includes the main campus and four 2-year college campuses. Prior to becoming Chancellor, Gov. Carruthers simultaneously served as the dean of the College of Business of New Mexico State University and as its vice president for economic development. Gov. Carruthers’ prior experience makes him a highly valued Board member, particularly in his role as the chairman of the compliance and quality committee, and as a member of the corporate governance and nominating committee.

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Mr. Daniel Cooperman	Business Experience
Former General Counsel, Oracle Corporation and Apple, Inc.	<ul style="list-style-type: none"> • Chairman of the audit committee and member of the Board of Directors of Zoox, Inc., a young robotics company developing a fully autonomous vehicle, since 2015 • Member of the Board of Directors of LegalZoom.Com, Inc. from 2012 until its change of control in 2014; member of the Board of Directors of Nanoscale Components Inc., a lithium ion technology company, since 2012
Age: 68	
Director	<ul style="list-style-type: none"> • Ex-Chairman and member of the Board of Directors of Second Harvest Food Bank of Santa Clara and San Mateo Counties (California), since 2010
Since: 2013 (Class I) Board	
Committees:	Member of the Board of Directors of Liffey Thames Group, LLC dba Discovia, a legal services company, from 2011 to 2017
•	
Corporate Governance & Nominating (Chair)	<ul style="list-style-type: none"> • Of Counsel, DLA Piper LLP, a global law firm, from December 2014 to November 2016 • Of Counsel, Bingham McCutchen, LLP, a global law firm, from 2010 to 2014
•	
Information Technology & Cybersecurity (Chair)	<ul style="list-style-type: none"> • Senior Vice President, Secretary, and General Counsel of Apple Inc. from 2007 to 2009 • Senior Vice President, Secretary, and General Counsel of Oracle Corporation from 1997 to 2007 • Partner, McCutchen, Doyle, Brown & Enersen, LLP from 1977 to 1997 • Distinguished Visiting Lecturer, Stanford Law School since 2010 • Fellow, Arthur and Toni Rembe Rock Center for Corporate Governance, Stanford Law School and Graduate School of Business since 2012 • Juris Doctorate, Stanford Law School • MBA, Stanford Graduate School of Business • Graduated Dartmouth College, summa cum laude, with an A.B. in Economics with highest distinction
	Skills and Qualifications
	Mr. Cooperman has extensive legal and corporate governance experience, having served as general counsel, senior vice president, and secretary of both Apple, Inc. and Oracle Corporation. Mr. Cooperman has also served as Of Counsel at two international law firms focusing on corporate and transactional matters, corporate governance, and board of director issues. Mr. Cooperman's service as general counsel for two major US public technology companies and his extensive legal, compliance and risk management experience provide an invaluable background for his service on the Board and as chairman of both the Company's corporate governance and nominating committee, and the Company's information technology and cybersecurity committee. Further, Mr. Cooperman has extensive past and current board experience, having advised and served on the boards of a

number of companies and trade associations.

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<p>Ms. Ronna E. Romney Director, Park Ohio Holding Corporation Age: 75 Director Since: 1999 (Class III); Vice-Chair of the Board Board Committees:</p>	<p>Business Experience</p> <ul style="list-style-type: none"> • Has served as director for Park-Ohio Holdings Corp., a publicly traded logistics and manufacturing company, since 2001 • Director of Molina Healthcare of Michigan from 1999 to 2004 • Candidate for the United States Senate for the state of Michigan in 1996 • From 1989 to 1993, appointed by President George H. W. Bush to serve as Chairwoman of the President’s Commission on White House Fellowships • From 1984 to 1992, served on the Republican National Committee for the state of Michigan • From 1985 to 1989, appointed by President Ronald Reagan to serve as Chairwoman of the President’s Commission on White House Presidential Scholars • From 1982 to 1985, appointed by President Ronald Reagan to serve as Commissioner of the President’s National Advisory Council on Adult Education
<ul style="list-style-type: none"> • Compensation • 	<ul style="list-style-type: none"> • •
<p>Corporate Governance & Nominating</p>	<ul style="list-style-type: none"> • Political and news commentator for radio and television from 1994 to 1996 • Honored as one of the NACD (National Association of Corporate Directors) Top 100 Directors for 2015 • Holds a B.A from the Oakland University, Rochester, Michigan
<p>Skills and Qualifications</p> <p>Ms. Romney’s political skills, along with her extensive board and corporate governance experience, enable her to serve an invaluable role as Vice-Chair of the Board. Ms. Romney also sits on the compensation and corporate governance and nominating committees.</p>	<p>Business Experience</p> <ul style="list-style-type: none"> •
<p>Mr. Richard M. Schapiro Chief Executive Officer, SchapiroCo LLC Age: 63 Director Since: 2015 (Class I) Board Committees:</p>	<ul style="list-style-type: none"> • In 2018, Mr. Schapiro achieved Board Leadership Fellow status, completed the NACD/ Carnegie Mellon Cyber-Security Course and was selected for inclusion in the 2018 NACD Directorship100, recognizing individual directors who serve as role models promoting exemplary board leadership, oversight, and courage in the boardroom • Since April 2015, served as Chief Executive Officer of SchapiroCo LLC • Since January 2017, served as an independent director for Transamerica Corporation, and from April 2015 to January 2017, served as independent director for Transamerica Financial Life Insurance Company • •
<ul style="list-style-type: none"> • Compensation (Chair) • 	<ul style="list-style-type: none"> • •
<p>Audit</p>	<ul style="list-style-type: none"> •

- Information Technology & Cybersecurity
- Finance

- From 1999 to 2014, served as a Managing Director in the Corporate and Investment Banking Division of Bank of America Merrill Lynch's Health Care Group (retired)

- From 1997 to 1999, served as Managing Director and Head of Health Care Group for ING Baring Furman Selz

- From 1979 to 1997, held various positions at Salomon Brothers Inc., serving as Managing Director and Global Co-Head of the Health Care Group, Managing Director - Insurance Group, Managing Director and Head of Government Finance Group, and Managing Director and Head of Thrift Coverage Group

- Bachelor of Science Degree in Accounting from Case Western Reserve University

- Master's Degree in Business Administration from Bernard M. Baruch College

- Juris Doctorate from New York Law School

Skills and Qualifications

Mr. Schapiro is a former investment and corporate banker with thirty-five years of experience covering the financial services and healthcare sectors. Mr. Schapiro's past experience as an investment banker positions him to assist management in matters related to capital structure, debt and equity financings and mergers and acquisitions. Mr. Schapiro also advised the Company in connection with its 2003 IPO and subsequent follow-on offering, giving him invaluable insight into the history and growth of the Company.

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Mr. Dale B. Wolf	Business Experience
Chairman of the Board, Molina Healthcare, Inc. Age: 64	<ul style="list-style-type: none"> • Has served as President and Chief Executive Officer of Onecall Care Management from January 2016 to February 2019, and Executive Chairman from September 2015 to January 2016
Director Since: 2013 (Class III)	<ul style="list-style-type: none"> • President and CEO, DBW Healthcare, Inc. from January 2014 to June 2018 • Executive Chairman, Correctional Healthcare Companies, Inc., a national provider of correctional healthcare solutions, from December 2012 to July 2014
Board Committees:	<ul style="list-style-type: none"> • Chief Executive Officer of Coventry Health Care, Inc. from 2005 to 2009 • Executive Vice President, Chief Financial Officer, and Treasurer of Coventry Health Care, Inc. from 1996 to 2005 • Member of the Board of Directors of Correctional Healthcare Companies, Inc. from December 2012 to July 2014
• Corporate Governance & Nominating	<ul style="list-style-type: none"> • Member of the Board of Directors of Coventry Healthcare, Inc. from January 2005 to April 2009 • Member of the Board of Directors of Catalyst Health Solutions, Inc. from 2003 to 2012
• Compliance & Quality	<ul style="list-style-type: none"> • Graduated Eastern Nazarene College with a Bachelor of Arts degree in Mathematics, with honors • Completed MIT Sloan School Senior Executive Program
• Finance (Chair)	<ul style="list-style-type: none"> • Fellow in the Society of Actuaries since 1979
	<p>Skills and Qualifications</p> <p>Mr. Wolf is an experienced healthcare executive with visionary leadership skills. Mr. Wolf has served in multiple leadership roles, including chief executive officer and chief financial officer of Coventry Healthcare, a health insurer now owned by Aetna, and on the boards of several notable healthcare companies. Mr. Wolf’s extensive managerial and executive healthcare experience, as well as his familiarity with the managed care industry, render him an invaluable asset in helping to formulate and oversee the Company’s long-term business strategy.</p>

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Additional Information About Directors

Summary of Director Qualifications, Skills, or Experience

The following is a skills matrix for our Board of Directors. As indicated in the matrix, our directors have a diverse array of expertise and skills in a broad range of substantive areas. The mark by a director's name indicates that the category is a specific qualification, skill, or experience that the director contributes to the Board. The absence of the mark for a particular category does not mean that the director does not have that qualification, skill, or experience.

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Independent Director Tenure

One of the main elements of the Company's governance policies to aid in maintaining an effective Board is an extensive skills assessment.

The Board develops a skills matrix reflecting the Company's strategic plan and maps our directors' backgrounds and experience against these skills. The Board conducts an annual self-evaluation.

The tenure of our independent directors ranges from less than one year to the date of the Company's 2003 IPO. Our independent directors contribute a wide range of knowledge, skills, qualifications, and experience as described in their individual biographies. We believe the tenure of our independent directors provides the appropriate balance of expertise, continuity, and perspective to our Board, making it a strategic asset of the Company and a source of continuous competitive advantage, and serving the best interests of our stockholders.

We believe providing our Board with new perspectives and ideas is a critical component to an effective board. In furtherance of that, during the last seven years the corporate governance and nominating committee, with input from the entire Board, has performed periodic strategic evaluations of our directors' skills, qualifications, and experience. In connection with such evaluations, six of our nine current directors have been added to the Board since 2012, four of whom are acting as chairpersons of five of our Board's standing committees.

Corporate Governance and Board of Directors Matters

The Board continually strives to pursue sound corporate governance policies and practices, to maintain high standards of ethical conduct, to report the Company's financial results with accuracy and transparency, and to maintain full compliance with the laws, rules, and regulations that govern Molina Healthcare's business.

The Board's standing committees operate pursuant to their respective written charters. The current charters of the audit committee, the corporate governance and nominating committee, the compensation committee, the compliance and quality committee, the information technology and cybersecurity committee, and the finance committee, as well as Molina Healthcare's Corporate Governance Guidelines, Code of Business Conduct and Ethics, and Related Person Transaction Policy, are available in the "Investors" section of Molina Healthcare's website, www.molinahealthcare.com, under the link "Corporate Governance." Molina Healthcare stockholders may obtain printed copies of these documents free of charge by writing to Molina Healthcare, Inc., Ryan Kubota, Associate Vice President of Investor Relations, 200 Oceangate, Suite 100, Long Beach, California 90802.

Corporate Governance and Nominating Committee Responsibilities

The corporate governance and nominating committee's mandate is to review and shape corporate governance policies, and to identify qualified individuals for nomination to the Board of Directors. All of the members of the committee meet the independence standards contained in the NYSE corporate governance rules and Molina Healthcare's Corporate Governance Guidelines.

The committee considers all qualified director candidates identified by members of the committee, by other members of the Board of Directors, by senior management, and by stockholders. Stockholders who would like to propose a director candidate for consideration by the committee may do so by submitting the candidate's name, resume, and biographical information to the attention of the Corporate Secretary as described below under "Questions and Answers About our Annual Meeting — How can I present a proposal for next year's annual meeting?" All proposals for nominations received by the Corporate Secretary will be presented to the committee for its consideration. As set forth in our bylaws, any stockholder or group of up to twenty (20) stockholders who have

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maintained continuous qualifying ownership of at least three percent (3%) of the shares of the Company's outstanding common stock for at least the previous three years also have the ability to submit director nominees for inclusion in the Company's proxy materials for its annual meeting of stockholders. No stockholder may be a member of more than one group for these purposes. The maximum number of candidates nominated by all eligible stockholders that the Company would be required to include in the Company's proxy materials, together with any nominees who were previously elected to the Board using proxy access during the preceding two annual meetings, is that number of directors constituting the greater of two or twenty percent (20%) of the total number of directors (rounded down to the nearest whole number) on the last day on which a nomination notice may be submitted to the Company. The deadline for submitting the nominee is set forth below in "Questions and Answers About our Annual Meeting — How can I present a proposal for next year's annual meeting?"

Board Composition and Refreshment

The Board and the corporate governance and nominating committee has made it a priority to ensure the Board is composed of directors who bring diverse viewpoints and perspectives, and who possess a multitude of skills, professional experience, and backgrounds. The Board and the corporate governance and nominating committee believe that new perspectives and ideas are critical to a forward-looking and strategic board as is the ability to benefit from the valuable experience and familiarity that longer-serving directors bring. The corporate governance and nominating committee desires to maintain an appropriate balance of tenure, turnover, diversity, and skills on the Board. The corporate governance and nominating committee focuses on this through an ongoing, year-round process, which includes the annual Board evaluation process described below under "Corporate Governance Guidelines - Board Evaluation Process."

Board Membership Criteria

The Board and the corporate governance and nominating committee believe that, on the one hand, there are general qualifications that all directors must exhibit, and that, on the other hand, there are other key qualifications and experience that should be represented on the Board in some capacity but not necessarily by each director. The Board and the corporate governance and nominating committee require that each director be a person of high integrity with a proven record of success in his or her field and have the ability to devote the time and effort necessary to fulfill his or her responsibilities to the Board and Company. Each director must demonstrate familiarity with and respect for corporate governance requirements and sound corporate governance practices.

The committee reviews each candidate's biographical information and assesses each candidate's independence, skills, and expertise based on a variety of factors, including breadth of experience reflecting that the candidate will be able to make a meaningful contribution to the Board's discussion of and decision-making regarding the array of complex issues facing the Company; understanding of the Company's business environment; the possession of expertise that would complement the attributes of our existing directors; whether the candidate will appropriately balance the legitimate interests and concerns of all stockholders and other stakeholders in reaching decisions rather than advancing the interests of a particular constituency; and whether the candidate will be able to devote sufficient time and energy to the performance of his or her duties as a director. Application of these factors involves the exercise of judgment by the committee and the Board.

Based on its assessment of each candidate's independence, skills, and qualifications, the committee will make recommendations regarding potential director candidates to the Board. The committee follows the same process and uses the same criteria for evaluating candidates proposed by stockholders, members of the Board of Directors, and members of senior management.

In 2018 the committee used the executive search firm of Russell Reynolds Associates, Inc. for purposes of identifying and evaluating potential director nominees. Russell Reynolds Associates, Inc. did not provide any other services to the Company.

For the 2019 annual meeting, the Company did not receive notice of any director nominations from its stockholders.

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Board Diversity

Diversity is among the factors that the corporate governance and nominating committee considers when evaluating the composition of the Board. As set forth in our Corporate Governance Guidelines, diversity may reflect age, gender, ethnicity, industry focus, and tenure on the Board so as to enhance the Board's ability to manage and direct the affairs and business of the Company, including, when applicable, to enhance the ability of the committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation, New York Stock Exchange listing standards, and the Company's bylaws and other corporate governance documents. When recommending director nominees for election by stockholders, the Board and the corporate governance and nominating committee evaluates how the experience and skill set of each director nominee complements those of the other director nominees and sitting board members to create a balanced Board with diverse viewpoints and extensive expertise.

Each director candidate contributes to the Board's overall diversity by providing a variety of perspectives from his or her personal, and professional experiences and backgrounds. The Board is satisfied that the current nominees reflect an appropriate diversity of gender, age, race, geographical background, and experience, and the Board is committed to continuing to consider diversity in evaluating the composition of the Board.

Corporate Governance Guidelines

The Company's Corporate Governance Guidelines embody many of our practices, policies, and procedures, which are the foundation of our commitment to sound corporate governance practices. The guidelines are reviewed annually and revised as necessary. The guidelines outline the responsibilities, operations, qualifications, and composition of the Board. The guidelines provide that a majority of the members of the Board shall be independent.

Board Committees

The guidelines require that all members of the Company's audit, corporate governance and nominating, and compensation committees be independent. Committee members and chairs are appointed by the Board upon recommendation of the corporate governance and nominating committee and are rotated from time to time in accordance with the Board's judgment. The Board and each committee have the power to hire and fire independent legal, financial, or other advisors, as they may deem necessary.

Board and Committee Meetings

Meetings of the non-management directors are held as part of every regularly scheduled Board meeting and are presided over by the Chairman of the Board. Directors have full and free access to senior management and other employees of Molina Healthcare. Directors are expected to prepare for, attend, and participate in all Board meetings, meetings of the committees on which they serve, and the annual meeting of stockholders. All of the directors then in office attended in person Molina Healthcare's 2018 annual meeting.

Board Evaluation Process

The Board recognizes that a robust and constructive evaluation process is a critical component of good corporate governance and Board effectiveness. Through this process, directors provide feedback to assess Board, committee and director performance, including areas where the Board believes it is functioning effectively and areas where the Board believes it can improve. The corporate governance and nominating committee oversees the annual Board self-evaluation process focused on the performance of: (i) the Board, (ii) Board committees, and (iii) individual directors. As part of this process, the corporate governance and nominating committee establishes the procedures, which may vary from year to year, in advance of each year's evaluation process. For 2017, the corporate governance and nominating committee engaged a third party which conducted a survey of the directors and reported the survey results to the Board in February 2018. For 2018, the Chair of the Board conducted the board evaluation based on interviews and written submissions from directors. In addition, each committee conducts its own self-evaluation. The results of these evaluations are reported to the Board. The self-evaluation process is designed to elicit candid feedback regarding the areas where the Board and its committees could improve their effectiveness. In addition, the corporate governance and nominating committee regularly discusses Board composition and effectiveness.

Succession Planning

Reflecting the importance of succession planning, the Company's Corporate Governance Guidelines provide that the Board in consultation with the chief executive officer shall analyze the current senior management, identify possible successors to management, and develop a succession plan. The succession plan adopted by the

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corporate governance and nominating committee includes policies and principles for chief executive officer selection and succession in the event of an emergency or the retirement of the chief executive officer.

Director Continuing Education

New directors are provided with an orientation program to familiarize them with Molina Healthcare's business, and its legal, compliance, and regulatory profile. New directors participate in introductory meetings with the Company's executive management and are provided materials and presentations on the Company's strategic plans, financial statements, and key issues, policies, and practices. The Company makes available to the Board educational seminars on a variety of topics at its expense. These seminars are intended to allow directors to develop a deeper understanding of relevant health care, governmental, and business issues facing the Company, and to assist them in keeping pace with developments in corporate governance and critical issues relating to the operations of public company boards. The Board members also periodically participate in visits to the Company's health plans.

Compensation Committee Matters

The Board reviews the compensation committee's report on the performance of Mr. Zubretsky, the Company's current president and chief executive officer, in order to ensure that he is providing effective leadership for Molina Healthcare. The Board also works with the compensation committee with respect to matters of succession planning for the president and chief executive officer, the chief financial officer, and other senior executive officers of the Company.

Director Independence

The Board of Directors has determined that, except for Mr. Zubretsky (the Company's President and Chief Executive Officer), each of the directors of the Company, including the three nominees identified in this proxy statement, has no material relationship with the Company that would interfere with the exercise of his or her independent judgment as a director, and is otherwise "independent" in accordance with the applicable listing requirements of the NYSE, the applicable Securities and Exchange Commission ("SEC") rules, and the Company's Corporate Governance Guidelines. In making that determination, the Board of Directors considered all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable, and familial relationships, among others. In addition, a director will not be considered independent if Section 303A.02(b) of the NYSE Listed Company Manual (or any applicable successor listing standard) otherwise disqualifies such director from being considered independent. The independence of directors and the materiality of any business relationships delineated above is determined by the Board in its discretion.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics governing all employees of Molina Healthcare and its subsidiaries. A copy of the Code of Business Conduct and Ethics is available on our website at www.molinahealthcare.com. From the Molina home page, click on "About Molina," then click on "Investors," and then click on "Corporate Governance." There were no waivers of our Code of Business Conduct and Ethics during 2018. We intend to disclose amendments to, or waivers of, our Code of Business Conduct and Ethics, if any, on our website.

Compliance Hotline

The Company encourages employees, Company vendors, and others to raise possible ethical issues, instances of potential fraud, or other issues of concern. The Company offers several channels by which employees and others may report ethical concerns or incidents, including, without limitation, concerns about accounting, internal controls, auditing matters, or HR matters. We provide a Compliance Hotline that is available 24 hours a day, seven days a week. Individuals may choose to remain anonymous while reporting any issues. We prohibit retaliatory action against any individual for raising legitimate concerns or questions regarding ethical matters or for reporting suspected violations.

Communications with the Board

Stockholders or other interested parties who wish to communicate with a member or members of the Board of Directors, including the non-management directors as a group, may do so by addressing their correspondence to th