



MOLINA HEALTHCARE

STRATEGIC PLAN



**“TREAT ALL PATIENTS
AS IF THEY WERE
YOUR OWN FAMILY.”**

C. DAVID MOLINA M.D., M.P.H. (1926-1996) Founder

200 OCEANGATE, SUITE 100 • LONG BEACH, CA 90802

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OUR STORY

Our company was founded in 1980 by Dr. C. David Molina with a single clinic in Southern California and a commitment to provide quality health care to those most in need, but least able to afford it. Every year we work diligently to fulfill Dr. Molina's vision.

“I HOPE THAT NO ONE EVER FORGETS THAT IT ALL BEGAN WITH A SINGLE CLINIC.”

C. DAVID MOLINA M.D., M.P.H. (1926-1996) Founder

Over the decades, we have grown significantly adding more clinics, more behavioral health providers and more health plans, as well as providing information management systems for state Medicaid programs to become a truly national company. We have expanded our service offerings to include Medicaid, Medicare, the Marketplace, Medicaid Management Information Systems and special contracts to serve those dually enrolled in Medicaid and Medicare.

Serving the health needs of those who need it most, but are least able to afford it, is not for every company. It requires a deep understanding of their needs and a depth of expertise to make a difference in patients' lives. It is our expertise, corporate culture and experience in government-sponsored health care programs that allow us to flourish in a highly-competitive environment.

We are convinced that our past is the most reliable predictor of our future.

We envision a future where everyone receives quality health care.

WE ARE MOLINA HEALTHCARE.

WE ARE MOLINA HEALTHCARE:

**OUR MISSION IS
TO PROVIDE
QUALITY HEALTH CARE
TO PEOPLE RECEIVING
GOVERNMENT
ASSISTANCE.**

INTRODUCTION

This strategic plan will serve as a blueprint that guides us as we continue to build on Molina Healthcare's accomplishments.

This booklet outlines the overall direction of Molina Healthcare and the pace we will travel. It is not meant to detail how each of our operations will achieve these goals. Management is responsible for providing the tactical plan that must be implemented to achieve the goals set out here.

Before us are many opportunities to better coordinate care for patients with complex health and social needs: the government is increasingly turning to organizations like ours to manage the health and care of Medicaid and Medicare beneficiaries, handle the growth resulting from the Affordable Care Act, and address the need to create greater value in the health care field.

To take advantage of these opportunities we will have to deal with challenges, such as provider consolidation, government funding and a lack of providers aligned with our mission.

In preparing this plan, management will focus on the strategic areas identified by our board of directors.

WE ENVISION A FUTURE WHERE EVERYONE RECEIVES QUALITY HEALTH CARE. THIS IS WHY WE EXIST.

“ALL ORGANIZATIONS START OUT WITH WHY, BUT ONLY GREAT ONES KEEP THEIR WHY YEAR AFTER YEAR.”

SIMON SINEK Author and Strategist

“I WANT THIS TO BE AN EXEMPLARY ORGANIZATION”

MARY R. MOLINA (1929-2012)
American Educator and Founder



OUR VALUES

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

STRATEGIC PRIORITIES

To achieve our goals, we must be mindful of five strategic priorities:

1. Maximize creation of value
2. Facilitate effective care management
3. Improve administrative efficiency and eliminate barriers
4. Strike a balance between growth and profitability
5. Break down barriers to accessing care

**“GREAT VISION
WITHOUT GREAT PEOPLE
IS IRRELEVANT.”**

JIM COLLINS Author of "Good to Great"

**“QUALITY IS
EVERYONE'S
RESPONSIBILITY.”**

W. EDWARDS DEMING (1900-1993)
American Expert on Quality

OUR PEOPLE

Our success depends on the performance of our team members. In order to achieve the goals of this strategic plan, we must maintain high levels of performance, enthusiasm and a dedication to our mission and values. Our goal is to attract the best people and to provide an environment that allows people to flourish. We will provide challenging work, compensation and benefits that are competitive, and a management team that is respectful, ethical and supportive of diversity. Together, we will create a culture where inclusion, innovation and respect are fostered.

RESPECTFUL

We respect each other and value ethical business practices.

CARING

We care about those we serve and advocate on their behalf. We assume the best about people and listen so that we can learn.

QUALITY & VALUE

Our long-term success depends on the quality of the services we provide and the value that we create.

While many health plans espouse quality, few are transparent about the quality they provide or take the steps necessary to document it. Michael Porter, economist and professor, wrote, "Mandatory measurement and reporting of results is perhaps the single most important step in reforming the health care system." We agree. Molina will continue to be transparent in reporting our quality measurements.

To document our commitment to quality, we will do the following:

1. Each health plan will achieve or maintain accreditation by the National Committee for Quality Assurance (NCQA)
2. Become recognized as the leader in quality in every state that we serve
3. Achieve a 5-star Medicaid rating
4. Achieve a 5-star Medicare rating

Value is the relationship between quality resulting from our efforts and the cost to produce those results. We will work with high-quality providers who are committed to our mission, and recognize that quality does not exist in a vacuum. We must provide optimal results for our members while employing the most cost-effective means. We must rigorously measure quality in terms of process and results.

At the same time, we need to understand the costs to produce the results that we want in order to measure value. We must constantly strive to improve value by improving quality and driving down cost.

Value is ultimately measured by the patient. We must strive to improve both patient satisfaction and outcomes. We must be mindful that everyone wants to receive quality health care and part of our quality initiative must be to remove barriers that prevent access to care. When we create the best outcomes for our members, then we have accomplished what led us into this business in the first place.

FOCUSED

We focus on our mission.

THRIFTY

We are careful with scarce resources. Little things matter and nickels add up.

ENTHUSIASTIC

We enthusiastically address problems and seek creative solutions.

FINANCIAL PERFORMANCE

Our goal is to achieve our mission while improving the financial strength of the organization.

Our founder, Dr. C. David Molina emphasized that the funds used to provide services to our members come from taxpayers. We are, therefore, stewards of the public's money and must be careful in the management of our financial resources. By paying close attention to small details, we can manage our medical costs and control our administrative costs. In addition, we must constantly seek to use the most cost-effective means of delivering care.

We treat our shareholders fairly. This responsibility extends beyond our financial results; it includes consistent and clear communication.

We sustain our mission and invest in the organization by being profitable.

Molina Healthcare has established a strong track record of administrative efficiency. We must maintain this competitive advantage. To do so, we will be prudent in our management of our financial resources and limit administrative costs.

We will solidify our financial security by ensuring appropriate diversification and greater consistency of results.

Our financial goals include:

1. Revenue of \$20.3 billion by the end of 2017
2. Maintaining an administrative ratio of less than 6.7%
3. Maintaining a medical care ratio between 85 and 88%
4. An after-tax margin of 2%



**“NO MARGIN,
NO MISSION.”**

SISTER IRENE KRAUS (1924-1988)
Leader of the Daughters of Charity
hospital system

ACCOUNTABLE

We are personally accountable for our actions and collaborate to get results.

ONE MOLINA

**We are one organization.
We are a team.**

GROWTH

Molina Healthcare will achieve consistent and profitable growth through:

1. Organic growth in existing markets
2. Acquisitions of companies (or their assets) in our current markets
3. Acquisitions of companies that strategically help us achieve our mission
4. Entry into new markets or programs that are consistent with our mission and goals

“OUR MAIN BUSINESS IS NOT TO SEE WHAT LIES DIMLY AT A DISTANCE, BUT TO DO WHAT LIES CLEARLY AT HAND.”

THOMAS CARLYLE (1795-1881)
Scottish Philosopher

Professor Michael Porter wrote, “The essence of strategy is choosing what not to do.” We will continue to focus on government programs for vulnerable families and individuals who receive government assistance to pay for their health care. This includes Medicaid, Medicare, CHIP and the Marketplace.

The key to successful, sustained growth is to maintain our focus on our mission and adhere to the core competencies that give us an advantage over competitors. Among our core competencies is the ability to understand the needs our members and the social and economic factors influencing their health. At the same time, we need to help connect our members to the right resources in the right places to help them maintain and improve their health. Elderly and disabled persons can especially benefit from such assistance.

Attracting elderly and disabled Medicaid and Medicare beneficiaries into our health plans is a key part of our growth strategy.

Developing and maintaining networks of providers who are aligned with our mission will be critical to our success. We will expand our dedicated provider networks through our own clinics and our Pathways subsidiary to create value.

Finally, we will continue to look for opportunities to provide additional services to government payers that take advantage of our current resources and expertise and are consistent with our mission.

FEEDBACK

We strive to improve the organization and achieve meaningful change through feedback and coaching. Feedback is a gift.

We sustain our mission and invest in the organization by being profitable.

CUSTOMER EXPERIENCE

Molina Healthcare will be synonymous with excellent customer experience. The people we serve are vulnerable individuals. They may have difficulty with language or literacy and are beset by social and economic problems that impact their health and their ability to access care. Through our work, we can change their lives.

For us to be successful, we must focus on the needs of our patients and do a better job of meeting those needs than anyone else. To accomplish this, we will increase member satisfaction as measured by the Consumer Assessment of Health Plans Satisfaction and increase member retention. We will increase the use of providers that are aligned with our mission using appropriate incentives and contracts.

The government agencies that pay us expect us to deliver services set forth in our contracts in a reliable fashion while complying with all regulatory standards. We must earn their trust and demonstrate that we deliver superior value to our members, patients and government partners.

**“IF YOU DON’T HAVE TIME TO DO IT RIGHT,
WHEN WILL YOU HAVE TIME TO DO IT OVER?”**

JOHN WOODEN (1910-2010) American Educator and Coach

ETHICAL BUSINESS PRACTICES

Molina Healthcare operates in a highly-regulated and competitive environment. Compliance standards are minimum standards that must be met; however, they are not our ultimate goal. Our goal is to fulfill our mission and find creative solutions that allow us to meet our members’ needs within the broad framework of our contracts, regulations and the law. However, we should not allow government rules to serve as excuses that prevent us from fulfilling our mission. We strive to get it right the first time. We value ethical business practices and expect the highest ethical behavior from our employees at all times.

**“WE ARE HERE TO ADD
WHAT WE CAN TO LIFE,
NOT TO GET WHAT WE
CAN FROM LIFE.”**

SIR WILLIAM OSLER (1849-1919) Physician

GROWING FROM A POSITION OF STRENGTH

Molina Healthcare serves an important and growing need. We have demonstrated an ability to serve the Medicaid and Medicare programs in a way that meets the needs of our members, our providers and the government. For over 35 years we have shown that we can respond quickly to challenges.

We are convinced that our past is the most reliable predictor of our future. We are excited about the opportunities that lie ahead. And, as always, we remain grateful to our employees for the hard work and the support that allows us to continue to do what we do best – provide quality health care to those who need it most.

**“WE WILL DO WHAT WE DO SO WELL THAT
PEOPLE WHO SEE IT WILL WANT TO
SEE IT AGAIN AND BRING THEIR FRIENDS.”**

WALT DISNEY (1901-1966) American Entrepreneur