

MOLINA HEALTHCARE INC

Form DEF 14A

March 19, 2018

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

Filed by a Party other than the Registrant

Check the appropriate

box:

Preliminary

Proxy

Statement

Confidential,

for Use of

the

Commission

Only (as

permitted by

Rule

14a-6(e)(2))

Definitive

Proxy

Statement

Definitive

Additional

Materials

Soliciting

Material

Pursuant to

§240.14a-12

MOLINA HEALTHCARE, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the

Edgar Filing: MOLINA HEALTHCARE INC - Form DEF 14A

Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice of 2018 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.

Table of Contents

Notice
of 2018
Annual
Meeting
of
Stockholders

	Location
Date and Time	Park Hyatt New York
Wednesday, May 2, 2018	The Onyx Room
10:00 a.m., Eastern Time	153 West 57 th Street New York, NY 10019

Items to be Voted On

To elect three
Class I
directors to
1 hold office
until the 2021
annual
meeting.

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

To approve an
amendment
and
3 restatement of
our Bylaws to
implement
proxy access.

4 To ratify the
appointment
of Ernst &
Young LLP as
our

independent
registered
public
accounting
firm for 2018.

To transact
such other
business as
may properly
come before
the 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

The Board of Directors has fixed the close of business on March 5, 2018 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 23, 2018 to the Company's stockholders of record as of March 5, 2018.

March 23, 2018
By Order of the Board of
Directors

Dale B. Wolf
Chairman of the Board,

TABLE OF CONTENTS	
About Molina Healthcare	1
<u>PROPOSAL 1 - Election of Directors</u>	3
<u>Information About Director Nominees</u>	4
<u>Information About Directors Continuing in Office</u>	7
<u>Additional Information About Directors</u>	10
<u>Corporate Governance and Board of Directors Matters</u>	11
<u>Information About the Board and its Committees</u>	16
<u>Meetings of Non-Management Directors</u>	16
<u>Committees of the Board of Directors</u>	16
<u>Meetings of the Board of Directors and Committees</u>	18
<u>Non-Employee Director Compensation</u>	19
<u>Information About the Executive Officers of the Company</u>	21
<u>Executive Compensation</u>	22
<u>Compensation Discussion and Analysis</u>	22
<u>Compensation Committee Report</u>	36
<u>Compensation Tables</u>	37
<u>2017 Summary Compensation Table</u>	37
<u>2017 All Other Compensation Table</u>	38
<u>2017 Realized Compensation Table</u>	39
<u>2017 Grants of Plan-Based Awards Table</u>	40
<u>2017 Outstanding Equity Awards at Fiscal Year End Table</u>	42
<u>Outstanding Equity Awards Vesting Schedule Table</u>	43
<u>Outstanding Performance-Based Equity Awards at Fiscal Year End</u>	44
<u>2017 Option Exercises and Stock Vested Table</u>	45
<u>Non-Qualified Deferred Compensation for 2017</u>	46
<u>Potential Payments Upon Change in Control or Termination</u>	46
CEO Pay Ratio	50
<u>Fiscal Year 2018 Compensation</u>	51
<u>Compensation Committee Interlocks and Insider Participation</u>	54
<u>Audit Committee Report</u>	55
<u>Audit Committee's Evaluation and Oversight of Independent Auditors</u>	56
<u>Fees Paid to Independent Registered Public Accounting Firm</u>	57
<u>Related Party Transactions</u>	58
<u>PROPOSAL 2 - Advisory Vote on the Compensation of Our Named Executive Officers</u>	60
<u>PROPOSAL 3 - Approval of the Amendment and Restatement of our Bylaws to Implement Proxy Access</u>	61
<u>PROPOSAL 4 - Ratification of the Appointment of Independent Registered Public Accounting Firm</u>	65
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	65
<u>Security Ownership of Certain Beneficial Owners and Management</u>	66
<u>Security Ownership of Management</u>	66
<u>Security Ownership of Principal Stockholders</u>	66

<u>Securities Authorized for Issuance Under Equity Compensation Plans</u>	<u>67</u>
<u>Management Analysis of Material Adverse Effects of Compensation Plans</u>	<u>67</u>
<u>Householding</u>	<u>67</u>
<u>Others Matters</u>	<u>68</u>
<u>Questions and Answers About our Annual Meeting</u>	<u>69</u>
<u>Appendix A - Molina Healthcare, Inc. Fifth Amended and Restated Bylaws</u>	<u>Appendix A-1</u>
<u>Proxy Card & Instructions</u>	

Table of Contents

ABOUT MOLINA HEALTHCARE

Our Mission

Our mission is to provide quality healthcare to people receiving government assistance.

Molina Healthcare, Inc. provides managed health care services under the Medicaid and Medicare programs and through the state insurance marketplaces.

2017

(Dollars in millions, except per-share amounts)

Total Revenue	Net Loss per Diluted Share	Adjusted Net Loss Per Share*	Net Loss Margin	EBITDA*	Ending Membership
---------------	----------------------------	------------------------------	-----------------	---------	-------------------

\$19,883 \$ (9.07) \$ (8.72) (2.6)% \$ (329) 4,453,000

Non-GAAP financial measures referred to in this proxy statement are designated with an asterisk (*). For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A)—Non-GAAP Financial Measures,” and “MD&A—Supplemental Information” in our 2017 Annual Report as defined below.

2017 Management and Board Changes

In May 2017, the employment of our former president and chief executive officer, Dr. J. Mario Molina, and our former chief financial officer, John C. Molina, was terminated by the Company without cause. The Company immediately began an executive search for a new president and chief executive officer. Joseph W. White, our former chief accounting officer, was appointed chief financial officer, replacing John C. Molina, and from May 2, 2017 to November 6, 2017, Mr. White also acted as interim president and chief executive officer replacing Dr. Molina. On November 6, 2017, Joseph M. Zubretsky was appointed president and chief executive officer. Additionally, in May 2017, Dale B. Wolf was appointed chairman of the Board, and Ronna E. Romney’s role changed from lead independent director to vice-chair of the Board. Further, Board changes occurred at the end of 2017 and beginning of 2018, as Frank E. Murray retired from the Board in November 2017, Dr. Molina resigned as a director in December 2017, and John C. Molina resigned as a director in February 2018. Mr. Zubretsky was appointed to the Board as a Class I director in November 2017 to fill the vacancy resulting from Mr. Murray’s resignation, and was reclassified as a Class III director in December 2017, upon Dr. Molina’s departure from the Board. In February 2018, Terry P. Bayer retired as chief operating officer of the Company. In March 2018, Lisa A. Rubino, our former senior vice president of Medicare & Duals Integration, was terminated by the Company without cause.

Table of Contents

Matters for Stockholder Voting

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

Proposal	Board Vote Recommendation
To elect three Class I directors to hold office until the 2021 annual meeting.	FOR
To consider and approve, on a non-binding, advisory basis, the compensation of our named executive officers.	FOR
To approve an amendment and restatement of our Bylaws to implement proxy access.	FOR
To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2018.	FOR

Election of Directors

You are being asked to vote for three Class I directors, Gov. Garrey E. Carruthers, Daniel Cooperman, and Richard M. Schapiro, each for a three-year term expiring in 2021. This proposal requires for each nominee the affirmative vote of a majority of votes cast at the annual meeting.

Governance Highlights

- Independent chairman.
- Independence
7 of our 8 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.

- 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

- Submission of “proxy access” bylaw for approval of stockholders at this annual meeting, including the following key terms: 3% ownership for 3 years, 20% of Board, and up to 20 stockholders being able to aggregate.

Table of Contents

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 2, 2018, at 10:00 a.m. Eastern Time. Please review this proxy statement in its entirety and the Company’s 2017 Annual Report on Form 10-K for year ended December 31, 2017 (“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 divided into three classes, designated as Class I, Class II, and Class III. Each class currently has three Board seats, and there is currently a vacancy in Class II. Only one class of directors is subject to election each year. For 2018, the Class I directors are subject to election. The Class II directors will be subject to election at the 2019 annual meeting, and the Class III directors will be subject to election at the 2020 annual meeting. The three directors to be elected as Class I directors at the 2018 annual meeting will serve a term of three years, to last until the 2021 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 I directors are Gov. Garrey E. Carruthers, Daniel Cooperman, and Richard M. Schapiro. The Board of Directors, upon recommendation of the corporate governance and nominating committee, has nominated for election each of the three incumbent Class I directors.

The Board believes that each of the three Class I nominees has demonstrated the requisite skills and expertise needed to provide strategic counsel to, and to oversee the key risks facing, the Company. For a summary of the director nominees, including their respective skills and qualifications, 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.**

Table of Contents

Information About Director Nominees

Class I Director Nominees for 2018

Gov. Garrey E. Carruthers Business Experience

Carruthers

•

Chancellor of New Mexico State University since June 1, 2015 to present, and President since 2013

Served as Dean of the College of Business of New Mexico State University from 2003 to 2013

Age: 78

•

Served as New Mexico State University's Vice President for Economic Development from 2006 to 2013

(Class I)

•

Served as the Director of the University's Pete V. Domenici Institute since 2009

Board Committees:

•

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

•

• Holds a Ph.D. in economics from Iowa State University

Compliance & Quality (Chair)

Skills and Qualifications

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 currently serves 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.

Table of Contents

Mr. Daniel Cooperman	<p>Business Experience</p> <ul style="list-style-type: none"> • Chairman of the audit committee and member of the Board of Directors of Zoon, 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 • Ex-Chairman and member of the Board of Directors of Second Harvest Food Bank of Santa Clara and San Mateo Counties (California), since 2010 • Member of the Board of Directors of Liffey Thames Group, LLC dba Discovia, a legal services company, from 2011 to 2017 • 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 • 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
Age: 67	
Director Since: 2013 (Class I)	
Board Committees:	
Corporate Governance & Nominating (Chair)	
Information Technology & Cybersecurity (Chair)	
Audit	
	<p>Skills and Qualifications</p> <p>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. Mr. Cooperman is also a member of the audit committee. Further, Mr. Cooperman has extensive past and current board</p>

experience, having advised and served on the boards of a number of companies and trade associations.

Table of Contents

<p>Mr. Richard M. Schapiro Chief Executive Officer, SchapiroCo LLC Age: 62 Director Since: 2015 (Class I) Board Committees:</p>	<p>Business Experience</p> <ul style="list-style-type: none"> • Since April 2015, served as Chief Executive Officer of SchapiroCo LLC, a financial consultant to healthcare companies • 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 • 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
<p>• Compensation (Chair)</p>	<p>• Bachelor of Science Degree in Accounting from Case Western Reserve University</p>
<p>• Audit</p>	<p>• Master’s Degree in Business Administration from Bernard M. Baruch College</p>
<p>• Information Technology & Cybersecurity</p>	<p>• Juris Doctorate from New York Law School</p>
	<p>Skills and Qualifications</p> <p>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 a healthcare investment banker enables him to provide helpful insight to management in the 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.</p>

Table of Contents

Information About Directors Continuing in Office

Directors Whose Terms Are Not Expiring In 2018

Joseph M. Zubretsky	Business Experience
President and Chief Executive Officer	<ul style="list-style-type: none"> • 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
Age: 61	President and Chief Executive Officer of The Hanover Group from June 2016 to October 2017
Director	<ul style="list-style-type: none"> •
Since: 2017 (Class III)	<ul style="list-style-type: none"> • 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
<p>Skills and Qualifications</p> <p>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, most recently, The Hanover Group and Aetna, Inc. Mr. Zubretsky's unique and extensive executive and managerial experience places him in an excellent position to assist the Company with significant operational improvements and growth.</p>	
Mr. Charles Z. Fedak	Business Experience
Founder, Charles Z. Fedak & Co., CPAs	<ul style="list-style-type: none"> •
Age: 66	Founded Charles Z. Fedak & Co., Certified Public Accountants, in 1981
Director	<ul style="list-style-type: none"> •
Since: 2002 (Class II)	<ul style="list-style-type: none"> • Employed by KPMG from 1975 to 1980 •

Board Committees: Employed by Ernst & Young LLP from 1973 to 1975

- -
 - Audit (Financial Expert) • Prior Chair of the Company's audit committee from the time of the Company's IPO in July 2003 through April 2014
 -
 - Compensation • Holds MBA degree from California State University, Long Beach
- Skills and Qualifications**
Mr. Fedak has significant accounting and finance experience, having been a certified public accountant since 1975. He is the founder of a successful full service accounting firm. Mr. Fedak served as the chair of the Company's audit committee for 12 years. His background and experience affords Mr. Fedak the financial expertise and operational familiarity to effectively oversee the Company's finance and accounting functions.

Table of Contents

Mr. Steven J. Orlando
 Founder, Orlando Company
 Age: 66
 Director Since: 2005 (Class II)
 Board Committees:
 Audit (Chair & Financial Expert)
 Compensation
 Information Technology & Cybersecurity

Business Experience

-
- 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
-
- Served as Greater Sacramento Bancorp director and chairman of its audit committee from January 2009 to January 2015
-
- Served on multiple corporate boards, including service as chairman of the audit committee for Pacific Crest Capital, Inc., a Nasdaq-listed corporation
-
- Served as Chief Financial Officer for various companies from 1978- 2000
-
- Practiced as Certified Public Accountant with Coopers & Lybrand CPAs from 1974 to 1977
-
- 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.

Ms. Ronna E. Romney
 Director, Park Ohio Holding Corporation
 Age: 74
 Director Since: 1999 (Class III); Vice-Chair of the Board
 Board Committees:
 Compensation
 Corporate Governance & Nominating

Business Experience

-
- 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
-

Edgar Filing: MOLINA HEALTHCARE INC - Form DEF 14A

From 1982 to 1985, appointed by President Ronald Reagan to serve as Commissioner of the President's National Advisory Council on Adult Education

•

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

Skills and Qualifications

Ms. Romney's political skills, along with her extensive board and corporate governance experience, enable her to serve an invaluable role as the Board's lead independent director, and to serve as an effective liaison between management and the Board. In addition to serving as lead independent director, she also sits on the compensation and corporate governance and nominating committees.

Table of Contents

<p>Mr. Dale B. Wolf President & Chief Executive Officer, Onecall Care Management Age: 63 Director Since: 2013 (Class III); Chairman of the Board Board Committees:</p>	<p>Business Experience</p> <ul style="list-style-type: none"> • Has served as President and Chief Executive Officer of Onecall Care Management since January 2016, and Executive Chairman from September 2015 to January 2016 • President and CEO, DBW Healthcare, Inc. since January 2014 • Executive Chairman, Correctional Healthcare Companies, Inc., a national provider of correctional healthcare solutions, from December 2012 to July 2014 • 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 • 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 • Graduated Eastern Nazarene College with a Bachelor of Arts degree in Mathematics, with honors • Completed MIT Sloan School Senior Executive Program • 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>
<p>• Corporate Governance & Nominating • Compliance & Quality</p>	

Table of Contents

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 I 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 I for a particular category does not mean that the director does not have that qualification, skill, or experience.

Molina Healthcare, Inc. 2018 Proxy Statement | 10

Table of Contents

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. In that respect, the Board develops a skills matrix and maps our directors' backgrounds and experience against these skills. The Board is being assessed periodically, and the Board undergoes an annual evaluation.

The tenure of our independent directors ranges from almost three years to nineteen years (including membership in the predecessor company prior to the Company's 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, five of our eight current directors have been added to the Board since 2012, three of whom are acting as chairpersons of four of our Board's standing committees. As the corporate governance and nominating committee and our Board consider potential new director candidates, they take into account a multitude of factors, including nominees that possess attributes that they believe will best complement the Company's strategic plan and core business competencies, and further the Company's mission and growth opportunities.

Corporate Governance and Board of Directors Matters

Molina Healthcare continually strives to maintain high standards of ethical conduct, to report its results with accuracy and transparency, and to maintain full compliance with the laws, rules, and regulations that govern Molina Healthcare's business.

The current charters of the audit committee, the corporate governance and nominating committee, the compensation committee, the compliance and quality committee, and the information technology and cybersecurity 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, Director 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 New York Stock Exchange ("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

Table of Contents

meeting?” All proposals for nominations received by the Corporate Secretary will be presented to the committee for its consideration. If Proposal 3 is approved by the requisite vote at this year’s annual meeting of stockholders, eligible stockholders will also have the ability to submit director nominees for inclusion in our proxy statement at next year’s annual meeting. Additional details regarding the eligibility criteria and process are included in Proposal 3 in this proxy statement. 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, 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 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 there are general qualifications that all directors must exhibit and other key qualifications and experience that should be represented on the Board as a whole, 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 Company. Each director must demonstrate innovative thinking and familiarity with and respect for corporate governance requirements and 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 2017 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. In 2017, the Company paid Russell Reynolds Associates, Inc. fees in the aggregate of approximately \$109,000.

For the 2018 annual meeting, the Company did not receive notice of any director nominations from its stockholders.

Board Diversity

Diversity is among the factors that the corporate governance and nominating committee considers when evaluating the composition of the Board. Among the criteria for Board membership as stated in the Company’s Corporate Governance Guidelines is a diversified membership: “The Board shall be committed to a diversified membership, in terms of the various experiences and areas of expertise of the individuals involved.” 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, NYSE 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

Table of Contents

director nominee complements those of the other director nominees 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, 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 is committed to continuing to consider diversity issues 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 are appointed by the Board upon recommendation of the corporate governance and nominating committee. Committee membership and chairs 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 or by telephone Molina Healthcare's 2017 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 and 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 conducts our annual evaluation process focused on three components: (i) the Board, (ii) Board committees, and (iii) individual directors. As part of this process, the corporate governance and nominating committee reviews the procedures, which may vary from year to year, in advance of each year's evaluation process. In 2017, the corporate governance and nominating committee engaged a third party to conduct a survey of the directors with regard to the evaluation and reported the survey results to the Board in February 2018. 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.

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.

Table of Contents

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 2017. 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 to raise possible ethical issues. The Company offers several channels by which employees and others may report ethical concerns or incidents, including, without limitation, concerns about accounting, internal controls, or auditing matters. We provide a Compliance Hotline that is available 24 hours a day, seven days a week. Individuals may choose to remain anonymous. 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 the individual Board member or Board members, c/o Corporate Secretary, Molina Healthcare, Inc., 200 Oceangate, Suite 100, Long Beach, California 90802. The Board of Directors has approved a process pursuant to which the Corporate Secretary shall review and forward correspondence to the appropriate director or group of directors for response.

Board Leadership Structure

Until May 2, 2017, Dr. J. Mario Molina held the positions of chairman of the board and chief executive officer. In May 2017, upon termination of Dr. Molina's employment with the Company, the Board decided to split the roles of chairman of the board and the chief executive officer, with the chairman being an independent director, and to eliminate the position of lead independent director which was previously held by Ronna E. Romney. At that time Dale B. Wolf, one of the independent directors, was appointed chairman of the board, and Joseph W. White, the Company's chief financial officer, was appointed interim president and chief executive officer. Also, effective as of May 2, 2017, Ms. Romney, the former lead independent director, was appointed vice-chair of the board. Subsequently, on November 6, 2017, Joseph M. Zubretsky joined the Company as its president and chief executive officer. The Board believes that the partnership between the chief executive officer and the chairman of the board, with an adjusted focus for each, will enable both executives to apply their strongest skills to charting a successful course for our business continuing the sustained growth of our business. Mr. Zubretsky, as president and chief executive officer, assumed accountability for the Company's strategic direction and operations, and Mr. Wolf, as chairman of the board, focuses on Board leadership and governance-related matters.

The Board strongly supports having an independent director as the board chairman. Having an independent chairman enables non-management directors to raise issues and concerns for Board consideration without immediately

involving management. Governance commentators, proxy advisory firms, and institutional stockholders

Molina Healthcare, Inc. 2018 Proxy Statement | 14

Table of Contents

generally conclude the separation of the two roles is a “best practice.” We believe the non-executive chairman of the Board plays an important governance leadership role that enhances long-term stockholder value.

The authority and responsibilities of the chairman and the vice chair are detailed in the Company’s Corporate Governance Guidelines. The chairman shall preside at all meetings of the Board (including executive sessions) and the stockholders, and serve as the liaison between the independent directors and the chief executive officer. In addition to any other responsibilities that the independent directors as a whole might designate from time to time, the chairman is also responsible for approving: (i) the quality, quantity, and timeliness of the information sent to the Board, and (ii) the meeting agenda, schedules, and materials for the Board. The chairman has the authority to call meetings of the independent directors and to set the agendas for such meetings. If requested by major stockholders of the Company, the chairman is responsible for ensuring that he or she is available, when appropriate, for consultation and direct communication in accordance with procedures developed by the Company and the chairman. Further, the chairman may perform such other duties, and exercise such powers, as prescribed in the Bylaws of the Company or by the Board from time to time. The vice-chair of the Board assists the chairman in performing his or her duties and responsibilities, and performs such other duties as may be prescribed by the Board from time to time.

Involvement in Certain Legal Proceedings

There are no legal proceedings to which any director, officer, nominee, or principal stockholder, or any affiliate thereof, is a party adverse to the Company or has a material interest adverse to the Company.

Board’s Role in Risk Oversight

While management is responsible for designing and implementing the Company’s risk management process, controls, and oversight, the Board, both as a whole and through its committees, has overall responsibility for oversight of the Company’s risk management. The Board regularly receives reports from senior management with respect to the Company’s management of major risks, including efforts to identify, assess, manage, and mitigate risks that may affect the Company’s ability to execute on its corporate strategy and fulfill its business objectives. The Board’s role is to oversee this effort and to consult with management on the effectiveness of risk identification, measurement, monitoring and mitigation processes, and the adequacy of staffing and action plans, as needed. The Company has also instituted a management enterprise risk management committee to assess the risks of the Company. In addition, the compensation committee reviews compensation programs to ensure that they do not encourage unnecessary or excessive risk-taking. The compensation committee has concluded our compensation programs do not create risks that are reasonably likely to have a material adverse effect on the Company.

Stock Ownership Guidelines for Directors

The Board believes that individual directors should own and hold a reasonable number of shares of common stock of the Company to further align the director’s interests and actions with those of the Company’s stockholders, and also to demonstrate confidence in the long-term prospects of the Company. In February 2018, the Company revised its stock ownership guidelines for directors to increase the value of the Company’s shares of common stock that directors shall own from at least three (3) times the aggregate annual cash retainer amounts payable to the director to four (4) times such retainer amounts. The value of a director’s holdings are based on the average closing price of a share of the Company’s common stock for the previous calendar year. Shares that satisfy these guidelines may be those owned directly, through a trust, or by a spouse or children, and shall include shares purchased on the open market, vested or unvested shares of restricted stock, or exercised and retained option shares. Until a director’s stock ownership requirement is met, the director must retain at least 50% of all “net settled shares” received from the vesting, delivery, or exercise of equity awards granted under the Company’s equity award plans until the total value of all shares held equals or exceeds the director’s applicable ownership threshold. “Net settled shares” generally refers to those shares that remain after the payment of (i) the exercise price of stock options or purchase price of other awards, (ii) all applicable withholding taxes, and (iii) any applicable transaction costs. Shares that are pledged are not counted toward the director’s ownership requirements. Non-employee directors must comply with the stock ownership guidelines within five (5) years of their election to the Board. Each non-employee director of the Company satisfied the applicable stock

ownership guidelines as of December 31, 2017.

Molina Healthcare, Inc. 2018 Proxy Statement | 15

Table of Contents

Information About the Board and its Committees

Meetings of Non-Management Directors

It is the customary practice of the Company's non-management directors to meet in executive session without any management directors in attendance each time the full Board convenes for a regularly scheduled in-person Board meeting, which is usually four times each year, and, if the Board convenes a special meeting, the non-management directors may meet in executive session if the circumstances warrant. The chairman of the Board presides at each executive session of the non-management directors.

Committees of the Board of Directors

The five standing committees of the Board of Directors are: (i) the audit committee; (ii) the corporate governance and nominating committee; (iii) the compensation committee; (iv) the compliance and quality committee; and (v) the information technology and cybersecurity committee, each being composed of the individuals indicated below.

Audit Committee

The audit committee performs a number of functions, including: (i) reviewing the adequacy of the Company's internal system of accounting controls, (ii) meeting with the independent auditors and management to review and discuss various matters pertaining to the audit, including the Company's financial statements, the report of the independent auditors on the results, scope, and terms of their work, and the recommendations of the independent auditors concerning the financial practices, controls, procedures, and policies employed by the Company, (iii) resolving disagreements between management and the independent auditors regarding financial reporting, (iv) reviewing the financial statements of the Company, (v) selecting, evaluating, and, when appropriate, replacing the independent auditors, (vi) reviewing and approving fees to be paid to the independent auditors, (vii) reviewing and approving all permitted non-audit services to be performed by the independent auditors, (viii) establishing procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters, (ix) considering other appropriate matters regarding the financial affairs of the Company, and (x) fulfilling the other responsibilities set out in its charter, as adopted by the Board. The report of the audit committee required by the rules of the SEC is included in this proxy statement.

The audit committee consists of Mr. Orlando (Chair), Mr. Cooperman, Mr. Fedak, and Mr. Schapiro. Mr. Schapiro joined the audit committee effective July 26, 2017. The Board has determined that each of Mr. Orlando and Mr. Fedak qualify as an "audit committee financial expert" as defined by the SEC. In addition to being independent according to the Board's independence standards as set out in its Corporate Governance Guidelines, each member of the audit committee is independent within the meaning of the corporate governance rules of the NYSE. Each

Table of Contents

member of the audit committee is also financially literate. The Audit Committee Charter is available for viewing in the “Investors” section of Molina Healthcare’s website, www.molinahealthcare.com, under the link, “Corporate Governance.”

Corporate Governance and Nominating Committee

The corporate governance and nominating committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the director nominees for the next annual meeting of stockholders. It leads the Board in its annual review of the Board’s performance and recommends to the Board members for each committee of the Board. The committee takes a leadership role in shaping corporate governance policies and practices, including recommending to the Board the Corporate Governance Guidelines and monitoring Molina Healthcare’s compliance with these guidelines. The committee is responsible for reviewing potential conflicts of interest involving directors, executive officers, or their immediate family members. Under the Company’s Related Person Transactions Policy, the corporate governance and nominating committee is charged with determining that any related person transaction is in, or is not inconsistent with, the best interests of the Company and its stockholders. The committee also reviews Molina Healthcare’s Code of Business Conduct and Ethics and other internal policies to help ensure that the principles contained in the Code of Business Conduct and Ethics are being incorporated into Molina Healthcare’s culture and business practices.

The corporate governance and nominating committee consists of Mr. Cooperman (Chair), Gov. Carruthers, Ms. Romney, and Mr. Wolf, each of whom is “independent” under the NYSE listing standards and the Company’s Corporate Governance Guidelines. The Corporate Governance and Nominating Committee Charter is available for viewing in the “Investors” section of Molina Healthcare’s website, www.molinahealthcare.com, under the link, “Corporate Governance.”

Compensation Committee

The compensation committee is responsible for determining the compensation for Mr. Zubretsky, our president and chief executive officer, and also approves the compensation Mr. Zubretsky recommends as chief executive officer for the other named executive officers. The committee reviews and discusses with management the Compensation Discussion and Analysis, and, based on such review and discussion, recommends to the Board that the Compensation Discussion and Analysis be included in Molina Healthcare’s proxy statement. In addition, the committee administers Molina Healthcare’s 2011 Equity Incentive Plan.

The compensation committee consists of Mr. Schapiro (Chair), Mr. Fedak, Mr. Orlando, and Ms. Romney. The Board has determined that in addition to being independent according to the Board’s independence standards as set out in its Corporate Governance Guidelines, each of the members of the compensation committee is independent according to the corporate governance rules of the NYSE. In addition, each of the members of the committee is a “non-employee director” as defined in Section 16 of the Securities Exchange Act of 1934, as amended, and is also an “outside director” as defined by Section 162(m) of the Internal Revenue Code.

The Compensation Committee Charter is available for viewing in the “Investors” section of Molina Healthcare’s website, www.molinahealthcare.com, under the link, “Corporate Governance.”

Each committee has the authority to retain special consultants or experts to advise the committee, as the committee may deem appropriate or necessary in its sole discretion. From time to time, the compensation committee has retained a compensation consultant to provide the committee with comparative data on executive compensation and advice on Molina Healthcare’s compensation programs for senior management. For this purpose, the compensation committee engaged Exequity, LLP (“Exequity”) as its advisor since 2016.

Compliance and Quality Committee

The compliance and quality committee, together with the audit committee, assists the Board in its oversight of the Company’s compliance with applicable legal, regulatory, and quality requirements. Whereas the audit committee has oversight over matters of financial compliance (e.g., accounting, auditing, financial reporting, and investor disclosures), as to all other areas of compliance (“non-financial compliance”), the compliance and quality committee has

oversight responsibility in the first instance. However, the two committees coordinate their review of major compliance matters, including the overall state of compliance, significant legal or regulatory compliance exposures, and material reports or inquiries from regulators. The compliance and quality committee also is responsible for overseeing the Company's compliance and quality programs and assists the Board in the general oversight of the Company's quality-related activities, policies, and practices that relate to promoting member health, providing access to cost-effective quality health care, and advancing safety and efficacy for members.

Table of Contents

The compliance and quality committee consists of Gov. Carruthers (Chair), and Mr. Wolf. John C. Molina also served as a member of such committee until his resignation from the Board on February 23, 2018.

The Compliance and Quality Committee Charter is available for viewing in the “Investors” section of Molina Healthcare’s website, www.molinahealthcare.com, under the link, “Corporate Governance.”

Information Technology and Cybersecurity Committee

The information technology and cybersecurity committee’s primary duties and responsibilities include but are not limited to the following: (i) enhancing the Board’s understanding and oversight of the systems (policies, controls, and procedure) that management has put in place to identify, manage, and mitigate risks related to cybersecurity, privacy, and disaster recovery, responding to incidents with respect thereto, and protecting critical infrastructure assets; (ii) providing a forum to review, evaluate, monitor, and provide feedback on technology related matters, including strategies, objectives, capabilities, initiatives, and policies; and (iii) performing such other tasks related to the oversight of the Company’s information technology cybersecurity functions as the Board may delegate to the committee from time to time. The committee has retained the services of independent experts to perform an evaluation of the security systems and present its report to the committee.

The information technology and cybersecurity committee consists of Mr. Cooperman (Chair), Mr. Orlando, and Mr. Schapiro, as well as the Company’s chief information officer and the Company’s chief security officer. Dr. Molina also served on the information technology and cybersecurity committee from July 26, 2017 to November 12, 2017.

The Information Technology and Cybersecurity Committee’s Charter is available for viewing in the “Investors” section of Molina Healthcare’s website, www.molinahealthcare.com, under the link, “Corporate Governance.”

Acquisitions and Capital Management Committee

The acquisitions and capital management committee (formerly the transaction committee) was disbanded in May 2017. During 2017 such committee consisted of Ms. Romney (Chair), Mr. Orlando, Mr. Wolf, and Mr. Schapiro. This committee was an advisory and oversight committee of the Board which was intended, among other things, to review and evaluate strategic acquisition opportunities of the Company and its subsidiaries, expansion/development projects, financings, refinancings, and other capital structure transactions identified by the Company’s management.

Meetings of the Board of Directors and Committees

During 2017, the Board of Directors met fifteen times, the audit committee met ten times, the corporate governance and nominating committee met five times, the compensation committee met eight times, the compliance and quality committee met four times, the information technology and cybersecurity committee met three times, and the acquisitions and capital management committee which was disbanded in May 2017 did not have any meetings.

Each director attended at least 75% of the total number of meetings of the Board of Directors and the committees of which he or she was a member in 2017, with the exception of Mr. Molina whose attendance was 74% of such meetings, and each director attended the 2017 annual meeting of stockholders held on May 10, 2017.

Table of Contents

Non-Employee Director Compensation

2017 Director Compensation

The compensation committee makes recommendations to the Board with respect to the compensation level of directors, and the Board determines the directors' compensation. During 2017, the Company paid the non-employee directors the following cash compensation:

Non-Executive Director Fee	Non-executive directors received an annual cash retainer in the amount of \$100,000.
Non-Executive Chairman of the Board Fee	Effective as of the date the non-executive chairman of the Board was appointed to such position on May 2, 2017, the non-executive chairman received an additional prorated cash fee, based on an annual fee of \$175,000.
Independent Lead Director Fee (until May 2, 2017)	Until May 2, 2017, when the position of independent lead director was eliminated, the independent lead director received an additional cash fee prorated for the period January 1, 2017 to May 2, 2017, based on an annual fee of \$30,000.
Vice Chair of the Board Fee	From May 2, 2017, when a vice-chair of the Board was appointed, to November 5, 2017, the vice-chair received an additional cash fee prorated for that period based on an annual fee of \$60,000. Effective November 6, 2017, when the chief executive officer transition was completed, the vice-chair annual cash fee was reduced to \$30,000.
Audit Committee Fee	The chairperson of the audit committee received an additional annual cash fee of \$27,500, and each member received \$15,000.
Corporate Governance and Nominating Committee Fees	The chairperson of the corporate governance and nominating committee received an additional cash fee of \$22,500, and each member received \$12,500.