
B.2 Corporate Information

REQUIREMENT: RFP Section 60.7.B.2

- a. Provide required 42 CFR 455.100-107 disclosures:
 - i. (1) The name and address of any person (individual or corporation) with an ownership or control interest in the disclosing entity, fiscal agent, or managed care entity. The address for corporate entities must include as applicable primary business address, every business location, and P.O. Box address.
 - (2) Date of birth and Social Security Number (in the case of an individual).
 - (3) Other tax identification number (in the case of a corporation) with an ownership or control interest in the disclosing entity (or fiscal agent or managed care entity) or in any subcontractor in which the disclosing entity (or fiscal agent or managed care entity) has a 5 percent or more interest.
 - ii. Whether the person (individual or corporation) with an ownership or control interest in the disclosing entity (or fiscal agent or managed care entity) is related to another person with ownership or control interest in the disclosing entity as a spouse, parent, child, or sibling; or whether the person (individual or corporation) with an ownership or control interest in any subcontractor in which the disclosing entity (or fiscal agent or managed care entity) has a 5 percent or more interest is related to another person with ownership or control interest in the disclosing entity as a spouse, parent, child, or sibling.
 - iii. The name of any other disclosing entity (or fiscal agent or managed care entity) in which an owner of the disclosing entity (or fiscal agent or managed care entity) has an ownership or control interest.
 - iv. The name, address, date of birth, and Social Security Number of any managing employee of the disclosing entity (or fiscal agent or managed care entity)."
- iii. Provide copies of the Vendor's articles of incorporation, bylaws, partnership agreements, or similar business entity documents, including any legal entity having an ownership interest of five percent (5%) or more.
- iv. Provide the Vendor's Uniform Certificate of Authority or application for the Uniform Certificate of Authority, as well as copies of reports filed with the Kentucky Department of Insurance during the prior twelve (12) months, if applicable.
- c. Demonstrate financial viability for the Vendor and each Subcontractor, as evidenced by sustained bottom line profitability and no current areas of significant financial risk for the past three (3) calendar years or the Vendor or Subcontractor's fiscal years. For the Vendor and each Subcontractor, provide copies of financial statements from the most recently completed and audited year.
- d. Provide a statement of whether there is any past (within the last ten (10) years) or pending litigation against the Vendor or sanctions, including but not limited to the following:
 - i. Litigation involving the Vendor's failure to provide timely, adequate, or quality Covered Services. If any litigation listed, include damages sought or awarded or the extent to which adverse judgment is/would be covered by insurance or reserves set aside for this purpose. Include an opinion of counsel as to the degree of risk presented by any pending litigation and whether the pending or recent litigation will impair your organization's performance in a Kentucky Medicaid Managed Care Contract.
 - ii. Sanctions for deficiencies in performance of contractual requirements related to an agreement with any federal or state regulatory entity. Include monetary sanctions the Vendor has incurred pursuant to contract enforcement from any state, federal, or private entity, including the date, amount of sanction, and a brief description of such enforcement, corrective action, and resolution.
 - iii. Any Securities Exchange Commission (SEC) filings discussing any pending or recent litigation. Include information for Parent Company, affiliates, and subsidiaries. The Vendor may exclude workers' compensation cases.
- e. For the Vendor, Parent Company, subsidiaries and all Subcontractors list and describe any Protected Health Information (PHI) breaches (within the past five years) that have occurred and the response. Do not include items excluded per 45 CFR 164.402.
- f. Has the Vendor ever had its accreditation status (e.g., National Committee on Quality Assurance (NCQA), Utilization Review Accreditation Commission (URAC), or Accreditation Association for Ambulatory Health Care (AAHC)) in any state for any product line adjusted down, suspended, or revoked (within the past five years)? If so, identify the state and product line and provide an explanation. Include information for the Vendor's Parent Company and subsidiaries.
- g. Provide a listing of Medicaid managed care contracts held in the past ten (10) years for which the Vendor, Vendor's Parent Company, and subsidiaries has:
 - i. Voluntarily terminated all or part of the contract under which it provided health care services as the licensed entity.
 - ii. Had such a contract partially or fully terminated before the contract end date (with or without cause).
 - iii. Had a contract not renewed.
 - iv. Withdrawn from a contracted service are.
 - v. Had a reduction of enrollment levels imposed?

Molina Healthcare of Kentucky, Inc. (Molina) is a wholly owned subsidiary of Molina Healthcare, Inc. (MHI), an experienced leader in providing quality healthcare to those who depend on government assistance and whose commitment to its members has made it a national leader in providing affordable healthcare to families and individuals. Molina Healthcare, Inc. will provide resources and support to Molina Healthcare of Kentucky, Inc. as a subcontractor through a services agreement, which is provided in Attachments to Section B.2, under which Molina Healthcare, Inc. renders services such as accounting; actuarial and underwriting; appeals and grievances; claims processing and administration; health plan employee benefits and payroll; IT systems and infrastructure; legal services; nurse advice line; and print and fulfillment.

Within the remainder of this section, Molina Healthcare of Kentucky, Inc. demonstrates compliance with all requirements in RFP Section 60.7.B.2, Corporate Information.

a. REQUIRED 42 CFR 455.100-107 DISCLOSURES

Molina Healthcare, Inc. provides all required 42 CFR 455.100-107 disclosures as required in RFP Section 60.7.B.2.a., subparts i-iv., including the name, address, date of birth, and social security number of individuals as well as the name, address, and tax identification number of corporations with a five percent or greater ownership or control interest in Molina Healthcare of Kentucky, Inc.

a.i.(1). OWNERSHIP / CONTROL INTEREST

No individual has a five percent or greater ownership or control interest in Molina Healthcare of Kentucky, Inc. Molina Healthcare of Kentucky, Inc. is wholly owned by Molina Healthcare, Inc. Molina Healthcare of Kentucky, Inc. has a business address at the following location:

Molina Healthcare of Kentucky, Inc.
 312 S. Fourth Street, Suite 700
 Louisville, KY 40202

Table B.2-1. Molina Healthcare, Inc. business locations

Primary Address	
200 Oceangate, Suite 100 Long Beach, CA 90802	
Every Business Location	
100 Oceangate, 15th Floor Long Beach, CA 90802	604 Pine Ave. Long Beach, CA 90802-1329
650 Pine Ave. Long Beach, CA 90802-1320	2180 Harvard St. Sacramento, CA 95815
1660 N. Westridge Circle Irving TX 75038	70 E 55th St., 8th & 9th Floors New York, NY 10022
3959 Pender Dr, Suite 240 Fairfax, VA 22030	1330 North Washington St, #4000 Spokane, WA 99201
P.O. Box	
P.O. Box 22800 300 Long Beach Blvd., Long Beach, CA 90801	

a.i.(2). DATE OF BIRTH AND SOCIAL SECURITY NUMBER (IN THE CASE OF AN INDIVIDUAL)

As no individual has a five percent or greater ownership or control interest in Molina Healthcare of Kentucky, Inc., we do not provide an individual’s date of birth or social number.

a.i.(3). OTHER TAX IDENTIFICATION NUMER (IN THE CASE OF A CORPORATION)

Molina Healthcare of Kentucky, Inc. is wholly owned by Molina Healthcare, Inc. The Federal Employer Identification Number for Molina Healthcare, Inc. is: 13-4204626.

a.ii. DISCLOSURE OF RELATIONSHIPS

No individual has an ownership or control interest in Molina Healthcare of Kentucky, Inc. Furthermore, no person (individual or corporation) with an ownership or control interest in Molina Healthcare of Kentucky, Inc. is related to another person with an ownership or control interest in Molina Healthcare of Kentucky, Inc. as a spouse, parent, child, or sibling.

No person (individual or corporation) with an ownership or control interest in any subcontractor in which Molina Healthcare of Kentucky, Inc. has a five percent or more interest is related to another person with an ownership or control interest in Molina Healthcare of Kentucky, Inc. as a spouse, parent, child, or sibling.

a.iii. DISCLOSURE OF ADDITIONAL OWNERSHIP OR CONTROL INTEREST

Molina Healthcare of Kentucky, Inc. is wholly owned by Molina Healthcare, Inc. Molina Healthcare, Inc. also has an ownership and control interest in the following managed care entities:

- Molina Healthcare of California
- Molina Healthcare of Florida, Inc.
- Molina Healthcare of Georgia, Inc.
- Molina Healthcare of Illinois, Inc.
- Molina Healthcare of Michigan, Inc.
- Molina Healthcare of Mississippi, Inc.
- Molina Healthcare of New Mexico, Inc.
- Molina Healthcare of New York, Inc.
- Molina Healthcare of Ohio, Inc.
- Molina Healthcare of Puerto Rico, Inc.
- Molina Healthcare of South Carolina, Inc.
- Molina Healthcare of Tennessee, Inc.
- Molina Healthcare of Texas, Inc.
- Molina Healthcare of Texas Insurance Company
- Molina Healthcare of Utah, Inc.
- Molina Healthcare of Virginia, Inc.
- Molina Healthcare of Washington, Inc.
- Molina Healthcare of Wisconsin, Inc.

a.iv. DISCLOSURE OF MANAGING EMPLOYEES

Table B.2-2 discloses Molina Healthcare of Kentucky Inc.’s managing employees’ name, address, date of birth, and Social Security Number.

Table B.2-2. Molina’s Managing Employees

Name	Address	Date of Birth	Social Security Number
Dwayne Sansone; CEO and Chairman of the Board	312 South Fourth Street Suite 700 Louisville, KY 40202	Redacted as proprietary, confidential, and/or trade secret per RFP Section 40.29, Vendor Response and Proprietary Information, and the Kentucky Open Records Act, KRS 61.878. This material can be found in the sealed Proprietary Information and Data proposal.	
Dora Wilson; Director	312 South Fourth Street Suite 700 Louisville, KY 40202		
Jason Dees, Chief Medical Officer	200 Oceangate Ste 100 Long Beach, CA 90802		

Name	Address	Date of Birth	Social Security Number
LaTonia Rice Sweet, Director	312 South Fourth Street Suite 700 Louisville, KY 40202		
Daniel Gudz, Chief Financial Officer	3000 Corporate Exchange Dr. Columbus, OH 43231		
Thomas L. Tran, Vice President	200 Oceangate Ste 100 Long Beach, CA 90802		
Jeffrey D. Barlow, Secretary	2180 Harvard Street Suite 400 Sacramento, CA 95815		

Redacted as proprietary, confidential, and/or trade secret per RFP Section 40.29, Vendor Response and Proprietary Information, and the Kentucky Open Records Act, KRS 61.878. This material can be found in the sealed Proprietary Information and Data proposal.

b. FORM OF BUSINESS

Molina Healthcare of Kentucky, Inc. is a corporation duly incorporated on March 6, 2019 and exists under KRS Chapters 14A and 271B.

b.i. NAMES AND CONTACT INFORMATION

Table B.2-3 provides the names and contact information for Molina Healthcare of Kentucky’s Board of Directors and Principal Officers. As a Kentucky Corporation, Molina Healthcare of Kentucky, Inc. has no partners.

Table B.2-3. Molina’s Board of Directors and Principal Officers

Name	Contact Information
Board of Directors	
Dwayne Sansone, Chairman of the Board	312 South Fourth Street, Suite 700 Louisville, KY 40202 (888) 562-5442, extension 113834 Dwayne.Sansone@molinahealthcare.com
Dora Wilson	312 South Fourth Street, Suite 700 Louisville, KY 40202 (843) 740-6874 Dora.Wilson@molinahealthcare.com
LaTonia Rice Sweet	312 South Fourth Street, Suite 700 Louisville, KY 40202 (888) 562-5442, extension 306612 LaTonia.Sweet@molinahealthcare.com
Principal Officers	
Dwayne Sansone, CEO	312 South Fourth Street, Suite 700 Louisville, KY 40202 (888) 562-5442, extension 113834 Dwayne.Sansone@molinahealthcare.com

Name	Contact Information
Daniel Gudz, Chief Financial Officer	3000 Corporate Exchange Dr. Columbus, OH 43231 (888) 562-5442, extension 210653 Daniel.Gudz@molinahealthcare.com
Thomas L. Tran, Vice President	200 Oceangate, Ste 100 Long Beach, CA 90802 (888) 562-5442, extension 111093 Thomas.Tran@molinahealthcare.com
Jason Dees, Chief Medical Officer	200 Oceangate, Ste 100 Long Beach, CA 90802 (562) 951-8341, extension 118341 Jason.Dees@molinahealthcare.com
Jeffrey D. Barlow, Secretary	2180 Harvard Street, Suite 400 Sacramento, CA 95815 888-562-5442, extension 112462 Jeff.Barlow@molinahealthcare.com
Kimberly Sweers, Vice President, Provider and Enrollee Services	200 Oceangate, Ste 100 Long Beach, CA 90802 (888) 562-5442, extension 111572 Kimberly.Sweers@molinahealthcare.com
Salvador Gutierrez, Vice President, Facilities	300 Oceangate Long Beach, CA 90802 (888) 562-5442, extension 111558 Salvador.Gutierrez@molinahealthcare.com
Michael Wilson, Chief Information Security Officer and Security Official	200 Oceangate, Ste 100 Long Beach, CA 90802 (888) 562-5442, extension 116715 Michael.Wilson1@molinahealthcare.com
Timothy Zevnik, Privacy Official	200 Oceangate, Ste 100 Long Beach, CA 90802 (888) 562-5442, extension 111578 Timothy.Zevnik@molinahealthcare.com
Benjamin Lynam, Chief Actuary	200 Oceangate, Ste 100 Long Beach, CA 90802 (888) 562-5442, extension 119071 Benjamin.Lynam@molinahealthcare.com
Renwyck Elder, Senior VP Pharmacy Benefit Management	200 Oceangate, Ste 100 Long Beach, CA 90802 (888) 562-5442, extension 115045 Ren.Elder@molinahealthcare.com
Deborah Wheeler, Vice President, Quality	300 Oceangate Long Beach, CA 90802 (888) 562-5442, extension 115523 Deborah.Wheeler@molinahealthcare.com

Name	Contact Information
George Figueroa, Vice President, Tax	200 Oceangate, Ste 100 Long Beach, CA 90802 (888) 562-5442, extension 114157 George.Figueroa@molinahealthcare.com
Chris Williams, Assistant Vice President, Procurement	200 Oceangate, Ste 100 Long Beach, CA 90802 (888) 562-5442, extension 119083 Christopher.Williams@molinahealthcare.com
Carl Gardner, Assistant Secretary	2180 Harvard Street, Suite 400 Sacramento, CA 95815 888-562-5442, extension 112506 Carl.Gardner@molinahealthcare.com

b.ii. RELATIONSHIPS

Molina Healthcare of Kentucky, Inc. is a wholly owned subsidiary of Molina Healthcare, Inc., which operates health plans in California, Florida, Idaho, Illinois, Michigan, Mississippi, New Mexico, New York, Ohio, Puerto Rico, South Carolina, Texas, Utah, Washington, and Wisconsin. Although these plans are separate legal entities, they are wholly owned by Molina Healthcare, Inc. and receive corporate resources and support.

Attachments to B.2, Management Services Agreement, provides the executed management/services agreement between Molina Healthcare of Kentucky, Inc. and Molina Healthcare, Inc. Although it is not a management agreement, Molina Healthcare of Kentucky, Inc. also provides the executed federal tax sharing agreement between Molina Healthcare of Kentucky, Inc. and Molina Healthcare, Inc. in Attachments to B.2, Executed Federal Tax Sharing Agreement, under which Molina Healthcare, Inc. and all of its subsidiary health plans file consolidated federal tax returns and the resulting federal tax is allocated to each individual entity.

b.iii. BUSINESS ENTITY DOCUMENTS

Molina Healthcare of Kentucky, Inc. provides copies of its articles of incorporation and bylaws in Attachments to B.2:

Molina Healthcare of Kentucky:

- Articles of Incorporation
- Bylaws with Certificate

Additionally, as Molina Healthcare of Kentucky, Inc. is a wholly owned subsidiary of its parent company, we also provide the comparable documents for Molina Healthcare, Inc. within Attachments to B.2:

Molina Healthcare, Inc.:

- Sixth Amended and Restated Bylaws
- Certificate of Incorporation
- Amendment to the Certificate of Incorporation Filed 5-2-2013
- Amendment to the Certificate of Incorporation Filed 5-10-2019

Molina Healthcare of Kentucky, Inc. does not have any partnership agreements to report.

b.iv. CERTIFICATE OF AUTHORITY

In Attachments to B.2, Certificate of Authority, Molina Healthcare of Kentucky, Inc. provides a copy of its Certificate of Authority, issued by the Commonwealth on April 23, 2019, to transact business as a Health Maintenance Organization. As a newly licensed entity with no membership enrollment, Molina Healthcare of Kentucky, Inc. has filed no reports with the Kentucky Department of Insurance in the prior 12 months.

c. FINANCIAL VIABILITY

Within this subsection, we demonstrate the financial viability for Molina Healthcare of Kentucky, Inc. through its parent company Molina Healthcare, Inc., and for each of our subcontractors. In Attachments to B.2, we also provide copies of financial statements from the most recently completed and audited year.

MOLINA HEALTHCARE, INC.

As a newly formed entity, Molina Healthcare of Kentucky, Inc. has not sustained either profitability or risk for the past three calendar years. ***Our parent company brings the stability, financial strength, and access to the public capital markets that will ensure our Kentucky health plan remains sufficiently capitalized throughout the term of the Contract.***

Molina Healthcare, Inc., a Fortune 500 corporation, has been in business since 1980, and through its locally operated health plans, currently serves approximately 3.4 million members across 15 states. Molina Healthcare, Inc.'s common stock is publicly traded on the New York Stock Exchange, and Molina Healthcare, Inc. currently has a market capitalization exceeding \$8 billion.

Profitability

Table B.2-4 demonstrates that Molina Healthcare, Inc. has had sustained bottom line profitability over the past several years except for 2017:

Table B.2-4. Bottom Line Profitability

\$ in millions	2019 ¹	2018	2017	2016	2015
Net Income (loss)	\$725–740	\$707	(\$512) ²	\$52	\$143

¹ Full year 2019 guidance as of October 29, 2019

² Includes \$704 million of non-recurring impairment and restructuring charges

Through September 30, 2019, Molina Healthcare, Inc. earned net income of \$569 million in fiscal year 2019 and expects to earn at least \$725 million for the full year 2019. Similarly, in its fiscal year 2018, Molina Healthcare, Inc. earned net income of \$707 million.

Although Molina Healthcare, Inc. suffered a net income loss of \$512 million in 2017, that loss was a clear one-time aberration, which is not indicative of the business's real earnings power. After years of profitable results, performance fell short of expectations in 2017. The loss was attributable to poor performance under the previous management team, who were terminated by Molina Healthcare, Inc.'s Board of Directors in May 2017. It should be noted that the loss in 2017 included \$704 million of one-time restructuring and impairment charges, which Molina Healthcare, Inc. would not expect to recur in the future. The charges related to actions the company took to reduce operating cost as part of a deliberate turnaround strategy aimed at margin recovery and sustainability.

Even with the financial loss at Molina Healthcare, Inc. in 2017, neither the capital position nor the operations of any of Molina Healthcare, Inc.'s health plan subsidiaries was compromised, and at no point were any of the health plans under-capitalized or failed to honor their contractual and financial obligations.

In late 2017, Molina Healthcare, Inc.'s Board hired Joseph Zubretsky as its new CEO, an industry veteran who further strengthened the management team by hiring leaders from outside the company with deep

knowledge of managed care. Now, with more capable, experienced management in place, Molina Healthcare, Inc.'s operating results have dramatically improved, and we are earning industry-leading margins. Our 2018 and 2019 results show the success of the turnaround strategy and the strong foundation that Molina Healthcare, Inc. has built for future success.

Liquidity

Molina Healthcare, Inc. had almost \$7 billion in assets, including \$4.5 billion in cash and investments, and over \$2 billion of working capital as of September 30, 2019.

Of the \$4.5 billion in cash and investments, approximately \$800 million are unrestricted cash and investment in Molina Healthcare, Inc., representing excess liquidity beyond the amounts held in Molina Healthcare, Inc.'s health plan subsidiaries. Molina Healthcare, Inc.'s unrestricted cash and investment is available to support the capital needs at the health plans, if necessary. In addition to the excess cash, Molina Healthcare, Inc. also has more than \$900 million in undrawn debt capacity, resulting in a combined \$1.7 billion of excess capital available to be deployed, including capital in support of Molina Healthcare of Kentucky, Inc. and its affiliated health plans.

With its industry-leading profit margins, Molina Healthcare, Inc. expects to continue to produce solid financial results for the foreseeable future, allowing us to be a ***strong partner with the Commonwealth and ensure Enrollees get the care they need and our provider partners are reimbursed for that care.*** Table B.2-5 below provides a summary of Molina Healthcare, Inc.'s total assets, cash, and investments for the last three years:

Table B.2-5. Total Assets, Cash, and Investments

\$ in millions	2019 ³	2018	2017
Total Assets	\$6,701	\$7,154	\$8,471
Cash & investments:	\$4,517	\$4,627	\$5,998
• Cash & investments in Health Plans	\$3,721	\$4,457	\$5,302
• Unrestricted Cash & investment at the Parent	\$796	\$170	\$696

³ As of September 30, 2019

Capital Position / Risk Management

Molina Healthcare, Inc.'s overall capital position is very strong, as evidenced by its consolidated stockholders' equity of approximately \$1.8 billion as of September 30, 2019.

Molina Healthcare, Inc. is committed to using its capital strength to fully capitalize and fund Molina Healthcare of Kentucky, Inc. (and its other subsidiary health plans) at all times, thereby ensuring Molina Healthcare of Kentucky, Inc. will not be subject to any meaningful risk of contractual non-performance or inability to honor all of its financial commitments. In fact, Molina Healthcare, Inc.'s policy is to maintain capital that is well above the state-mandated minimum for its health plans, which is usually based on an NAIC risk-based capital ratio of 200%. Molina Healthcare, Inc.'s aggregate risk-based capital ratio was 336% as of September 30, 2019. Table B.2-6 demonstrates that Molina Healthcare, Inc.'s capital position has been consistently strong, which has increased due to improved earnings and also shows the strong, aggregate risk-based capital ratio for its health plans.

Table B.2-6. Capital Position

\$ in millions	2019 ³	2018	2017
Molina Healthcare, Inc. Stockholders' Equity	\$1,831	\$1,647	\$1,337
NAIC Risk-Based Capital ratio	336%	397%	286%

³ As of September 30, 2019

Financial Outlook

Our return to strong performance in 2018 and 2019 is evidence that our focus on disciplined execution in stabilizing the business and producing consistently strong profit margins has been very successful. Molina Healthcare, Inc. is well positioned for continued success, and we are on track to achieve our long-term targets for profitability. Furthermore, in April 2019, Moody's Investors Service upgraded the outlook on Molina Healthcare, Inc. and its rated health plans to "Positive" (previous rating was "Stable"), based on the substantial progress we achieved through our multiyear turnaround strategy.

Molina Healthcare, Inc. is subject to business, financial, and other risks common to the managed care industry, and, in particular, to those companies that provide services under government-sponsored health programs. These risk factors are presented in our 2018 Annual Report on Form 10-K, in Part I, Item 1A, "Risk Factors."

We provide evidentiary documentation and financial statements from the three most recently completed and audited years, in Attachments to B.2, Molina Healthcare, Inc. Financials, Form 10-K 2018, 2017, and 2016.

AVESIS THIRD PARTY ADMINISTRATORS, INC.—DENTAL SERVICES

Redacted as proprietary, confidential, and/or trade secret per RFP Section 40.29, Vendor Response and Proprietary Information, and the Kentucky Open Records Act, KRS 61.878. This material can be found in the sealed Proprietary Information and Data proposal.

There are no current areas of significant financial risk for the business.

See Attachments to B.2, Guardian Life Audited Financials for 2018, 2017, and 2016, for evidentiary documentation and financial statements from the three most recently completed and audited years.

CVS HEALTH—PBM SERVICES

CVS Health is ranked number seven on the Fortune 500 list, and states that it has the financial stability and resources needed for future investments that continue improving services for its clients and their members, including the \$2 billion per year spend enterprise-wide on infrastructure, expertise, technology, and solutions to stay ahead of the evolving healthcare industry. CVS Health's net income for the prior three years is as follows: \$10.3 billion in 2016; \$9.5 billion in 2017; and \$4.0 billion in 2018. Revenue in 2018 was \$194.6 billion, which is \$9.8 billion more than in 2017, and current assets are \$45.2 billion, which is \$14 billion more than in the prior year.

The significant decrease in CVS Health's GAAP operating income in 2018 was primarily driven by goodwill impairment charges of \$6.1 billion related to the long-term care line of business, which has continued to experience industry-wide challenges impacting the company's ability to expand the business at the rate originally estimated when CVS Health acquired Omnicare, Inc., in 2015. CVS Health expects 2019 to be a transitional year due to its recent acquisition of Aetna, although the company projects it will be on track to exceed its 2020 targets.

Significant risks and mitigating factors for 2019 include:

- Adverse impact on, and reduction in the operating income of its pharmacy services and retail / long-term care lines of business in 2019 in comparison to 2018 results due to ongoing reimbursement pressure and reductions in traditional offsets to that pressure, including a declining benefit from the introduction of new multi-source generic prescription drugs and lower benefits from generic dispensing rate increases:
- The reimbursement pressure in the pharmacy services line of business is projected to be exacerbated by the cumulative effect on rebate guarantees of lower brand name drug price inflation and a modest 2019 selling season.
- The retail / long-term care line of business is projected to be impacted by structural and CVS Health-specific challenges in the long-term care space as well as the annualization of CVS Health's 2018 investment of a portion of its savings from the Tax Cuts and Job Act in wages and benefits.

To address these risks and challenges and position CVS Health well in 2020 and the future, CVS Health is implementing new product and service initiatives in its pharmacy services and retail / long-term care lines of business; introducing a new PBM client contracting model; implementing a plan designed to improve the performance of its long-term care business; and initiating a new enterprise cost reduction effort.

Regarding its pharmacy services lines of business, CVS Health reported an operating income of \$850 million for Q1 2019 and total revenues of \$33.6 billion. CVS Health asserts that these positive financial results demonstrate the continuing financial viability of its pharmacy services line of business.

See Attachments to B.2, CVS Health Financial Information, Form 10-K for 2018, 2017, and 2016, for evidentiary documentation and financial statements from the three most recently completed and audited years.

LUCINA ANALYTICS—MATERNAL, PRENATAL, AND PERINATAL CARE ANALYTICS

Redacted as proprietary, confidential, and/or trade secret per RFP Section 40.29, Vendor Response and Proprietary Information, and the Kentucky Open Records Act, KRS 61.878. This material can be found in the sealed Proprietary Information and Data proposal.

See Attachments to B.2, Lucina Analytics Financial Information, Audited Financials for 2016, 2017, and 2018, for evidentiary documentation and financial statements from the three most recently completed and audited years.

MARCH VISION CARE—VISION SERVICES

Redacted as proprietary, confidential, and/or trade secret per RFP Section 40.29, Vendor Response and Proprietary Information, and the Kentucky Open Records Act, KRS 61.878. This material can be found in the sealed Proprietary Information and Data proposal.

Redacted as proprietary, confidential, and/or trade secret per RFP Section 40.29, Vendor Response and Proprietary Information, and the Kentucky Open Records Act, KRS 61.878. This material can be found in the sealed Proprietary Information and Data proposal.

See Attachments to B.2, March Vision Care Financial Information, Audited Financials for 2016, 2017, and 2018, for evidentiary documentation and financial statements from the most recently completed and audited year, which were prepared in accordance with generally accepted accounting principles.

d. PENDING OR RECENT LITIGATION/SANCTIONS

As a newly formed entity, Molina Healthcare, Inc. has not been subject to any past, pending, or recent litigation or sanctions within the past 10 years. In the following sections, we provide past (within the past 10 years) or pending litigation and sanctions against Molina Healthcare of Kentucky, Inc.'s parent company, Molina Healthcare, Inc., and Molina Healthcare, Inc.'s subsidiaries.

d.i. LITIGATION WITHIN THE PAST TEN YEARS

Because Molina Healthcare of Kentucky, Inc. is a newly formed entity, no pending or recent litigation exists against Molina Healthcare of Kentucky, Inc., including any litigation involving Molina Healthcare of Kentucky, Inc.'s failure to provide timely, adequate, or quality covered services, nor have there been any sanctions against Molina Healthcare of Kentucky, Inc.

Molina Healthcare of Kentucky, Inc. is a wholly owned subsidiary of Molina Healthcare, Inc., which currently operates 15 subsidiary health plans throughout the United States and the Commonwealth of Puerto Rico. It is the opinion of counsel that no pending litigation or recent litigation involving Molina Healthcare, Inc. and/or its affiliates will in any way impair the performance of Molina Healthcare of Kentucky, Inc.; Molina Healthcare, Inc.; or any of its affiliates with regard to the Kentucky Medicaid Managed Care Contract.

Further, separate and apart from the Kentucky Medicaid Managed Care Contract, in the past 10 years, there has not been any litigation against Molina Healthcare, Inc. or its affiliates that Molina Healthcare, Inc. would deem to be material, including litigation involving their failure to provide timely, adequate, or quality covered services.

In accordance with the requirements in Proposal Section B.2, Corporate Information, subsection D.i, Attachments to B.2, Molina Healthcare, Inc. and Subsidiaries Litigation History, includes a schedule showing all pending litigation, or litigation brought within the past 10 years (February 7, 2010–February 7, 2020), involving Molina Healthcare, Inc. or its affiliates. As reflected in the schedule, the great majority of such litigation involves ordinary course employment disputes, claims payment disputes, and contract disputes. Molina Healthcare, Inc. carries insurance coverage indemnifying it and its affiliates against losses resulting from litigation. Molina Healthcare, Inc. accrues reserves for certain matters for which the loss is both probable and reasonably estimable. Where reserves are accrued, they are set without regard to the insurance coverage that may apply to a claim.

d.ii. SANCTIONS

Within the last 10 years (February 7, 2010–February 7, 2020), Molina Healthcare of Kentucky's parent company and certain subsidiary health plans, have been subject to sanctions and financial penalties. Each health plan works diligently with its respective state agency to address the issues and ensure compliance with their contractual requirements.

In accordance with Proposal Section B.2 Corporate Information, subsection d.ii., we include descriptions of sanctions for deficiencies in performance of contractual requirements related to an agreement with any federal or state regulatory entity within the past 10 years for Molina Healthcare of Kentucky’s owner, Molina Healthcare, Inc., and its subsidiary health plans in Attachments to B.2, Molina Healthcare, Inc. and Subsidiaries Sanctions History. The list includes the date, amount of sanction, and a brief description of such enforcement, corrective action, and resolution.

d.iii. SEC FILINGS REGARDING LITIGATION

Molina Healthcare, Inc.

Attachments to B.2, SEC Filings Discussing Pending or Recent Litigation, includes the U.S. Securities and Exchange Commission (SEC) Form 10-K annual reports and Form 10-Q quarterly reports filed by Molina’s parent company, Molina Healthcare, Inc., within the past 10 years (February 7, 2010–February 7, 2020), which discuss any pending or recent litigation. No subsidiaries of Molina Healthcare, Inc. make SEC filings. For ease of review, we are including a table of contents in the attachment with links to the relevant pages of each report that discuss pending or recent litigation.

MOLINA HEALTHCARE OF KENTUCKY, INC. SUBCONTRACTOR PAST OR PENDING LITIGATION AND SANCTIONS

Further, as updated by Addendum 2 released January 27, 2020, we also provide past (within the past 10 years) or pending litigation and sanctions for all of Molina Healthcare of Kentucky, Inc.’s subcontractors.

Avesis Third Party Administrators, Inc.

Litigation. Table B.2-7 lists civil litigation in which Avesis is involved that relates to our alleged failure to provide timely, adequate, or quality covered Services. These cases do not affect our ability to administer ancillary benefits for Medicaid enrollees in Kentucky.

Table B.2-7. Avesis’ Litigation History

Redacted as proprietary, confidential, and/or trade secret per RFP Section 40.29, Vendor Response and Proprietary Information, and the Kentucky Open Records Act, KRS 61.878. This material can be found in the sealed Proprietary Information and Data proposal.

Sanctions.

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Avesis is not under investigation by any regulatory body.

SEC Filings. As Avesis is not publicly traded, and therefore the SEC is not involved in regulating its activity, there are no SEC filings to disclose.

CVS Health

As a participant in the health care industry, CVS Health's business operations are subject to complex federal and state laws and regulations and oversight by federal and state governmental agencies as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 28, 2019. CVS Health is subject from time to time to various claims, lawsuits and/or governmental investigations relating to our PBM operations, which may include, without limitation, business matters, contract matters, employment issues, and professional liability claims. In Attachments to B.2, CVS Health provides 2018, 2017, 2016, and 2015 10-K reports, which describes certain legal proceedings affecting CVS Health Corporation. The reports span multiple years, providing the historical documentation needed, but if additional reports are needed, they can be accessed at: <https://investors.cvshealth.com/investors/sec-filings/default.aspx>

Lucina Analytics

Lucina Analytics has had no litigation, sanctions, nor SEC filings in its history. See Attachments to B.2, Lucina Analytics Litigation, Sanctions, and SEC Filings, for a signed statement from Lucina Analytics' CEO.

March Vision Care

Within the last 10 years, there have been no litigation or sanctions against March Vision Care Group, Incorporated regarding its failure to provide timely, adequate, or quality covered services and there is none pending.

Within the last 10 years, there has been no sanctions against March Vision Care Group, Incorporated for deficiencies in performance of contractual requirements related to an agreement with any federal or state regulatory entity.

Within the last 10 years, there has been no SEC filings discussing any pending or recent litigation involving March Vision Care Group, Incorporated. See Attachments to B.2, March Vision Care Litigation, Sanctions, and SEC Filings, for a signed statement.

e. PHI BREACHES

As a newly formed entity, Molina Healthcare of Kentucky, Inc. does not have any PHI breaches to report. In the following paragraphs, Molina Healthcare, Inc. provides information about PHI breaches occurring at our parent company, its subsidiaries, and all subcontractors we are using for the Kentucky Medicaid program.

MOLINA HEALTHCARE, INC.

Attachments to B.2, Molina Healthcare, Inc. and Subsidiaries PHI Breaches, provides a comprehensive list of PHI breaches from the past five years (February 7, 2015–February 7, 2020). The list we provide includes the following information for each breach: Molina Healthcare, Inc.'s entity affected; the discovery date; description of the breach; name of business associate; if the breach occurred at a business associate/subcontractor; number of affected Molina Healthcare, Inc. members; and actions taken in response to each breach. Except for a small number of more significant breaches, virtually all breaches were very limited in scope and affected only one or two members. Three total breaches affected 500 or more individuals; business associates were responsible for two of those breaches. In each of the breaches included on the list, Molina Healthcare, Inc. notified the affected member(s) and took steps to respond to the breach in accordance with applicable state and federal laws.

AVESIS

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CVS HEALTH

CVS Health has experienced a small number of breaches / data security incidents in the past. There have been occasional, inadvertent HIPAA disclosures as a result of an employee who fails to follow an established process or receives incorrect information. Occurrences of violations represent less than 1% of the total volume.

With each case, CVS Health remained consistent with its privacy and security policies and procedures, and investigated the incidents immediately, following federal and state notification requirements. CVS Health then took the necessary steps to mitigate any harm and implemented corrective actions, including sanctioning employees or subcontractors. The number of breaches/incidents that have occurred is extremely small relative to the number of transactions CVS Health handles daily.

CVS Health has an incident response procedure in place with documented roles, responsibilities, and contact information. CVS Health notifies clients within the agreed-upon response time in the established business associate agreement.

CVS Health provides its list of PHI breaches affecting more than 500 individuals in Attachments to B.2, CVS Health PHI Breaches. In the list, CVS Health includes only breaches affecting 500 or more individuals in alignment with U.S. Department of Health and Human Services Office for Civil Rights requirements. CVS Health asserts that it cannot provide details about incidents impacting fewer than 500 individuals due to the confidentiality provisions of its customer and vendor contracts.

LUCINA ANALYTICS

Lucina Analytics, Inc., attests that it has had no PHI breaches since it began operations. See Attachments to B.2, Lucina Analytics PHI Breaches Letter, for a signed statement from Lucina Analytics' CEO.

MARCH VISION

MARCH Vision Care Group, Inc., attests that it has no PHI breaches to report from the last five years. See Attachments to B.2, March Vision PHI Breaches Letter, for a signed statement from March Vision's Legal department.

f. ACCREDITATION STATUS

Molina Healthcare of Kentucky, Inc. affiliates have more than 25 years of experience improving health outcomes among Medicaid populations. Demonstrating Molina Healthcare, Inc.'s commitment to quality, all of its Medicaid health plans have either achieved or are working to achieve NCQA Health Plan Accreditation.

In addition, Molina Healthcare, Inc. is an early adopter of other NCQA quality distinctions. For instance, **11 Molina Healthcare, Inc. subsidiary health plans have earned NCQA's Multicultural Healthcare Distinction for their focus on improving culturally and linguistically appropriate services and reducing healthcare disparities.** These 11 plans alone represent nearly a quarter (22%) of the 50 total Medicaid plans earning this honor nationwide. Moreover, **four of Molina Healthcare, Inc.'s Medicaid plans have also attained NCQA's new Long Term Services and Supports (LTSS) Distinction.**

Exhibit B.2-1 illustrates the depth and breadth of Molina's accreditation status nationwide.

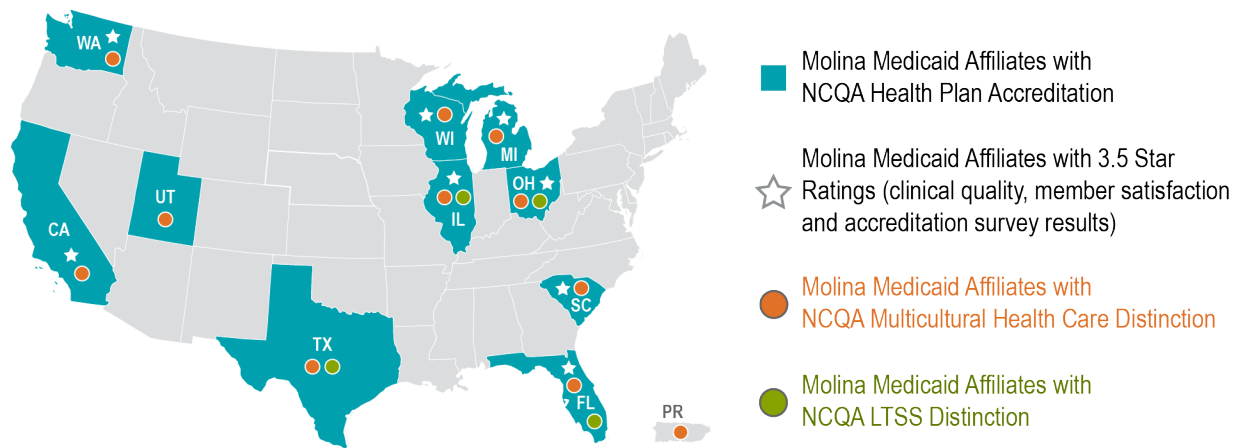


Exhibit B.2-1. Demonstrated Success Achieving NCQA Accreditation

Each year, NCQA re-evaluates the accreditation score of health plans based on HEDIS and CAHPS survey results. As a newly formed entity, Molina Healthcare of Kentucky, Inc. does not yet qualify for NCQA accreditation; however, our goal is to attain this status once we are eligible (within two years of the Effective Date of our initial MCO Contract).

Below, we provide the state, product line, and explanation for any state or product line that has been adjusted down within the past 5 years.

Across all states and product lines for the last 5 years, none of our accredited health plans have been suspended or revoked.

Molina Healthcare of California, Inc. From 2017 to 2018, our California Medicaid product line moved from Commendable (80.439 points) to Accredited (79.3716 points) due to slight decreases in HEDIS rates. Although we had slight decreases in our HEDIS rates, our CAHPS scores improved. In 2019, our HEDIS rates improved, along with additional improvements in CAHPS, and *we were upgraded back to Commendable (81.6364 points), higher than our previous Commendable status.*

Molina Healthcare of Ohio, Inc. From 2018 to 2019, our NCQA accreditation for our Medicaid product line was adjusted down from Commendable (80.0893 points) to Accredited (79.9566 points) due to a 0.13 decrease in certain HEDIS and CAHPS rates.

Molina Healthcare of Michigan, Inc. From 2017 to 2018, our Michigan Medicaid product line moved from Commendable (83.2524 points) to Accredited (79.8670 points) due to declines in certain CAHPS survey results. *In 2019, our accreditation was upgraded back to Commendable (80.1742 points).*

Molina Healthcare of Utah, Inc. From 2017 to 2018, our Utah Medicaid product line moved from Commendable (83.2265 points) to Accredited (77.2410 points). This decrease was due to our low populations and resulted in us not having sufficient HEDIS measures based on NCQA requirements. *Due to these restrictions, the health plan is only able to achieve Accredited status.*

Molina Healthcare of Washington, Inc. From 2019 to 2020, our Washington Medicaid product line was adjusted down from Commendable (81.97 points) to Accredited (78.8 points) due to improper submission of supporting documentation. *We are currently in the process of appealing this status.*

When a Molina Healthcare, Inc. subsidiary health plan has its accreditation status adjusted down, the organization works diligently to improve HEDIS and CAHPS results in that health plan through gathering and analyzing data to identify areas of opportunity and implementing initiatives to address them. For health plans that have maintained their accreditation status or have increased their status, we work equally hard to improve our HEDIS and CAHPS results to pursue higher accreditation status and to continue administering the best healthcare programs and services to our members.

g. MANAGED CARE CONTRACTS

Within the past 10 years regarding their Medicaid managed care contracts, Molina Healthcare, Inc. and its subsidiaries have not withdrawn from a contracted service area, nor had a contract not renewed, nor have we had any managed care contracts terminated either voluntarily or by its clients apart from one partial termination occurring in its subsidiary, Molina Healthcare of Illinois, described below. This was the only instance of a managed care contract termination experienced by a Molina Healthcare, Inc. health plan subsidiary during our 40-year history.

Neither Molina Healthcare, Inc. nor its subsidiaries have any information to provide that is responsive to subparts i., iii., and iv. of requirement g. We describe, in the following paragraphs, three instances applying to subparts ii. and v. at Molina Healthcare of Kentucky, Inc.'s affiliated health plans.

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