



MOLINA HEALTHCARE, INC.
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May 18, 2007

The Honorable Jeff Bingaman
United States Senate
Washington, DC 20510

Dear Senator Bingaman:

As Chief Executive Officer and Chairman of Molina Healthcare, Inc., I write in support of your proposal to extend rebates for pharmaceuticals purchased for Medicaid beneficiaries to the managed care companies that provide their health care. As a Medicaid-focused plan, accessing these rebates will allow us to achieve important savings in the care we provide for Medicaid beneficiaries. These savings will in turn reduce the cost of the Medicaid program to the federal and state governments.

Your legislation would allow enrollees in Medicaid health plans to access the cost savings available under the Medicaid drug rebate the same way that states do in the traditional, fee-for-service Medicaid program. The Medicaid statute guarantees states a minimum rebate of 15.1 percent for brand name drugs and 11 percent for generic drugs. Currently, health plans are excluded from the drug rebate and few health plans are able to negotiate the same level of discounts on prescription drugs for Medicaid beneficiaries as are available to states through the drug rebate law. Savings from this proposal, estimated to be at least \$1.8 billion for the federal government over 5 years, would have an important impact on Medicaid plans and the Medicaid program.

Molina Healthcare is the country's third largest insurer operating strictly in the Medicaid and Medicare Special Needs (dually eligible) lines of business with more than one million members in eight states. In New Mexico, we provide care for 64,000 beneficiaries enrolled in Medicaid, the State Children's Health Insurance Program (SCHIP) and the State Coverage Insurance Program (SCI).

We thank you for your leadership on this important issue and look forward to working with you on this important legislation.

Sincerely,

J. Mario Molina, M.D.
CEO
Molina Healthcare Inc.