Ignyta, Inc.
Form 424B3
November 12, 2014
Table of Contents

Filed pursuant to Rule 424(b)(3)
Registration No. 333-192956

PROSPECTUS SUPPLEMENT NO. 4

IGNYTA, INC.

9,010,238 Shares of Common Stock

This prospectus supplement No. 4 supplements and amends the prospectus dated April 4, 2014, as supplemented and amended by prospectus supplement dated May 14, 2014, prospectus supplement No. 2 dated June 16, 2014 and prospectus supplement No. 3 dated August 13, 2014 (as so supplemented and amended, the prospectus), relating to the resale of up to 9,010,238 outstanding shares of common stock of Ignyta, Inc. (the Company). These shares include 7,740,142 shares of common stock issued and sold to accredited investors in a private placement offering closed on November 6, 2013 (the Initial Private Placement), and 1,270,096 shares of common stock issued and sold to accredited investors in a private placement offering closed on November 29, 2013 (together with the Initial Private Placement, the Private Placements). All shares of common stock issued in the Private Placements were sold at a purchase price of $6.00 per share.

This prospectus supplement incorporates into our prospectus the information contained in our attached:

Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the Securities and Exchange Commission on November 7, 2014;

Current Reports on Form 8-K, which were filed with the Securities and Exchange Commission on September 8, 2014 and October 1, 2014.

This prospectus supplement is not complete without, and may not be delivered or utilized in connection with the prospectus, including any supplements and amendments thereto. This prospectus supplement should be read in conjunction with the prospectus, which is to be delivered with this prospectus supplement. This prospectus supplement is qualified by reference to the prospectus, except to the extent that the information in this prospectus supplement updates or supersedes the information contained in the prospectus, including any supplements and amendments thereto.

Investing in our common stock involves a high degree of risk. Before making any investment in our common stock, you should read and carefully consider matters discussed under the caption Risk Factors beginning on

page 8 of the prospectus, as updated or superseded by the Risk Factors section beginning on page 29 of the attached Quarterly Report on Form 10-Q.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus supplement is dated November 12, 2014

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2014

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-36344

Ignyta, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**45-3174872**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
11095 Flintkote Avenue, Suite D, San Diego, CA	**92121**
(Address of principal executive offices)	**(Zip Code)**

(858) 255-5959

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The number of outstanding shares of the registrant s common stock, par value $0.0001 per share, as of November 1, 2014 was 19,580,769.

Table of Contents

IGNYTA, INC.

FORM 10-Q QUARTERLY REPORT

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS

	Page
PART I FINANCIAL INFORMATION	1
Item 1. Unaudited Financial Statements	1
Condensed Balance Sheets at September 30, 2014 (unaudited) and December 31, 2013 (audited)	1
Condensed Statements of Operations and Comprehensive Loss for the three and nine months ended September 30, 2014 and 2013, and for the period from August 29, 2011 (Inception) through September 30, 2014 (unaudited)	2
Condensed Statements of Stockholders Equity from August 29, 2011 (Inception) through September 30, 2014 (unaudited)	3
Condensed Statements of Cash Flows for the nine months ended September 30, 2014 and 2013, and for the period from August 29, 2011 (Inception) through September 30, 2014 (unaudited)	4
Notes to Condensed Financial Statements (unaudited)	5
Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations	20
Item 3. Quantitative and Qualitative Disclosures about Market Risk	29
Item 4. Controls and Procedures	29
PART II OTHER INFORMATION	29
Item 1. Legal Proceedings	29
Item 1A. Risk Factors	29
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	42
Item 3. Defaults Upon Senior Securities	42
Item 4. Mine Safety Disclosures	42
Item 5. Other Information	42
Item 6. Exhibits	43
SIGNATURES	45

Table of Contents

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Ignyta, Inc.

(A Development Stage Company)

Condensed Balance Sheets

	September 30, 2014 (Unaudited)	December 31, 2013 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	$ 21,529,992	$ 51,803,716
Short term investments	54,663,003	
Prepaid expenses and other current assets	1,125,822	671,373
Total current assets	77,318,817	52,475,089
Fixed Assets - Net	2,838,183	830,706
Long term investments	18,480,924	
Other Assets	736,477	13,045
	$ 99,374,401	$ 53,318,840
Liabilities and Stockholders Equity		
Current Liabilities		
Accounts payable	$ 797,928	$ 811,600
Accrued expenses and other liabilities	2,632,983	590,235
Lease payable, current portion	53,311	
Warrant liability	155,500	129,400
Total current liabilities	3,639,722	1,531,235
Note payable, net of current portion and discount	20,161,600	8,950,000
Lease payable, net of current portion	116,689	
Other liabilities	630,000	1,050,000
Total liabilities	24,548,011	11,531,235
Commitments and Contingencies (Note 11)		
Stockholders Equity		

Preferred Stock, $.0001 par value; 10,000,000 shares authorized; no shares issued or outstanding		
Common Stock, $.0001 par value; 150,000,000 shares authorized; 19,579,588 and 13,934,876 shares issued and outstanding, respectively	1,958	1,393
Additional paid-in capital	110,670,365	57,359,152
Deficit accumulated during the development stage	(35,805,507)	(15,572,940)
Accumulated other comprehensive loss	(40,426)	
Total stockholders equity	74,826,390	41,787,605
	$ 99,374,401	$ 53,318,840

The accompanying notes are an integral part of these financial statements.

Table of Contents

Ignyta, Inc.

(A Development Stage Company)

Unaudited Condensed Statements of Operations and Comprehensive Loss

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Period from August 29, 2011 (Inception) through September 30, 2014
Revenue	$	$	$ 150,000	$	$ 150,000
Expenses					
Research and development	8,622,547	724,153	14,380,914	1,944,818	25,299,693
General and administrative	2,223,311	485,407	6,018,276	1,389,102	10,336,673
Loss from Operations	(10,845,858)	(1,209,560)	(20,249,190)	(3,333,920)	(35,486,366)
Other Income (Expense)					
Other income (expense)	30,778	100	(21,880)	5,800	(127,832)
Interest income (expense)	111,827	(30,108)	43,807	(65,583)	(182,601)
Total Other Income (Expense)	142,605	(30,008)	21,927	(59,783)	(310,433)
Loss Before Income Taxes	(10,703,253)	(1,239,568)	(20,227,263)	(3,393,703)	(35,796,799)
Income tax provision			5,304	2,095	8,708
Net Loss	$ (10,703,253)	$ (1,239,568)	$ (20,232,567)	$ (3,395,798)	$ (35,805,507)
Basic and diluted loss per share	$ (0.55)	$ (0.55)	$ (1.13)	$ (1.58)	$
Weighted average shares	19,579,588	2,272,832	17,905,134	2,153,735	
Comprehensive Loss					
Net loss	$ (10,703,253)	$ (1,239,568)	$ (20,232,567)	$ (3,395,798)	$ (35,805,507)
Unrealized loss on available for sale securities	(45,988)		(40,426)		(40,426)
Comprehensive loss	$ (10,749,241)	$ (1,239,568)	$ (20,272,993)	$ (3,395,798)	$ (35,845,933)

The accompanying notes are an integral part of these financial statements.

Table of Contents

Ignyta, Inc.

(A Development Stage Company)

Condensed Statements of Stockholders Equity

ed Stock Series B		Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage
res	Amount	Shares	Amount		
	$		$	$	$
		666,668	66	1,934	
				220,736	
				781	
		666,668	66	223,451	
		(13,334)	(1)	(39)	
				249,100	
5,000	183			5,423,848	

				23,373
5,000	183	653,334	65	5,919,733
		12,290	1	2,999
		1,583,336	158	5,542
5,000)	(183)	2,675,678	267	
		9,010,238	902	51,012,839
				370,439
				47,600

Medicare is a health insurance program primarily for individuals 65 years of age and older, certain
individuals with certain disabilities and individuals with end-stage renal disease. The program is av
without regard to income or assets (with means-tested premiums for beneficiaries with relatively hi
incomes) and offers beneficiaries different ways to obtain their medical benefits. The most commo
selected today by Medicare beneficiaries is the traditional fee-for-service payment system. The othe
options include managed care, preferred provider organizations, private fee-for-service and specialt
Medicare compensation rates are generally much lower in comparison to private-sector health plans
Because we provide anesthesia services to a wide array of patients, including Medicare beneficiarie
portion of our patients services are reimbursed by Medicare.

In order to participate in government programs, we and our affiliated practices must comply with st
and often complex standards, including enrollment and reimbursement requirements. Different state
impose varying standards for their Medicaid programs. See Government Regulation Government
Reimbursement Requirements.

We also receive compensation pursuant to contracts with commercial payors that offer a wide varie
health insurance products, such as health maintenance organizations, preferred provider organizatio
exclusive provider organizations that are subject to various state laws and regulations, as well as
self-insured organizations subject to federal Employee Retirement Income Security Act (ERISA

requirements. We seek to secure mutually agreeable contracts with payors that enable our affiliated physicians to be listed as in-network participants within the payors provider networks. We general contract with commercial payors through our affiliated professional contractors. Subject to applicab rules and regulations, the terms, conditions and

Table of Contents

compensation rates of our contracts with commercial third-party payors are negotiated and often va across markets and among payors. In some cases, we contract with organizations that establish and provider networks and then rent or lease such networks to the actual payor. Our contracts with com payors typically provide for discounted fee-for-service arrangements and grant each party the right terminate the contracts without cause upon prior written notice. In addition, these contracts generall commercial payors the right to audit our billings and related reimbursements for professional and o services provided by or through our affiliated physicians.

If we do not have a contractual relationship with a health insurance payor, we generally bill the pay full billed charges. If payment is less than billed charges, we bill the balance to the patient, subject federal and state laws regulating such billing. Although we maintain standard billing and collection procedures with appropriate discounts for prompt payment, we also provide discounts in certain har situations where patients and their families do not have financial resources necessary to pay the am for services rendered. Any amounts written-off are based on the specific facts and circumstances re each individual patient account.

Referring and Collaborating Physicians

Our relationships with our referring and collaborating physicians are critical to our success. Our aff physicians seek to establish and maintain professional relationships with referring physicians in the communities where they practice. Because patient volumes in our NICUs are based in part on refer other physicians, particularly obstetricians, it is important that we are responsive to the needs of ref physicians in the communities in which we operate. We believe that our community presence, throu hospital coverage and outpatient clinics, assists referring obstetricians, office-based pediatricians an physicians with their practices. Our affiliated physicians are able to provide comprehensive materna newborn and pediatric subspecialty care to patients using the latest advances in methodologies, sup the local referring physician community with 24-hours-a-day, seven-days-a-week on-site or on-call coverage.

Our affiliated anesthesiologists seek to establish and maintain professional relationships with collab physicians, such as surgeons, and other healthcare providers. Our affiliated anesthesiologists play a important role for surgeons because they provide medical care to the patient throughout the surgical experience. This care includes evaluation of the patient prior to surgery, consultations with the surg team, providing pain control and support of life functions during surgery and supervising care follo surgery through the discharge of the patient from the recovery unit. Accordingly, our affiliated anesthesiologists are focused on delivering quality services to enhance the reputation and satisfactio collaborating surgeons.

Affiliated Physicians and Practice Groups

Our relationships with our affiliated physicians are important. Our affiliated physicians are organize traditional practice group structures. In accordance with applicable state laws, our affiliated practice are responsible for the provision of medical care to patients. Our affiliated practice groups are separ entities organized under state law as business corporations or professional associations, professiona corporations, limited liability companies and partnerships, which we sometimes refer to as our aff professional contractors . Each of our affiliated professional contractors is owned by a licensed phy affiliated with the Company through employment or another contractual relationship. Our national infrastructure enables more effective and efficient sharing of new discoveries and clinical outcomes including best demonstrated processes, access to our sophisticated information systems, clinical res and education.

Our business corporations and affiliated professional contractors employ or contract with physician provide clinical services in certain states and Puerto Rico. In most of our affiliated practice groups, physician has entered into an employment agreement with us or one of our affiliated professional contractors providing for a base salary and incentive bonus eligibility and typically having a term o seven years. We

18

Table of Contents

are typically responsible for billing patients and third-party payors for services rendered by our affi physicians and, with respect to services provided in a hospital, separately from other charges billed hospitals to the same payors. Each physician must hold a valid license to practice medicine in the st which he or she provides patient care and must become a member of the medical staff, with appropr privileges, at each hospital at which he or she practices. Substantially all the physicians employed b our affiliated professional contractors have agreed not to compete within a specified geographic are employment and for a certain period after termination of employment. Although we believe that the non-competition covenants of our affiliated physicians are reasonable in scope and duration and the enforceable under applicable state laws, we cannot predict whether a court or arbitration panel woul enforce these covenants in any particular case. Our hospital contracts also typically require that we physicians performing services maintain minimum levels of professional and general liability insura We negotiate those policies and contract and pay the premiums for such insurance on behalf of the physicians.

Each of our affiliated professional contractors has entered into a comprehensive management agree with a subsidiary of MEDNAX as the manager. These agreements are long-term in nature, and in m cases permanent, subject only to a right of termination by the manager (except in the case of gross negligence, fraud or illegal acts of the manager). Under the terms of these management agreements, subject to state laws and other regulations, the manager is typically paid for its services based on the performance of the applicable practice group. See Government Regulation Fee Splitting; Corpora of Medicine.

COMPETITION

Competition in our business is generally based upon a number of factors, including reputation, expe and level of care and our affiliated physicians ability to provide cost-effective, quality clinical care nature of competition for our hospital-based practices, such as neonatology and anesthesia care, diff significantly from competition for our office-based practices. Our hospital-based practices compete nationally with other health services companies and physician groups for hospital contracts and qua physicians. In some instances, our hospital-based physicians also compete on a regional or local bas example, our neonatologists compete for referrals from local physicians and transports from surrou hospitals. Our office-based practices, such as maternal-fetal medicine and pediatric cardiology, com patients with office-based practices in those subspecialties.

Because our operations consist primarily of physician services provided within hospital-based units compete with others for contracts with hospitals to provide services. We also compete with hospital themselves to provide such services. Hospitals may employ neonatologists or anesthesiologists dire contract with other physician groups to provide services either on an exclusive or non-exclusive bas hospital not otherwise competing with us may begin to do so by opening a new NICU or operating r expanding the capacity of an existing NICU, adding operating room suites or, in the case of neonata services, upgrading the level of its existing NICU. If the hospital chooses to do so, it may award the contract to operate the relevant facility to a competing group or company. Because hospitals control to their NICUs and operating rooms by awarding contracts and hospital privileges, we must maintai relationships with our hospital partners. Our contracts with hospitals generally provide that they ma terminated without cause upon prior written notice.

The healthcare industry is highly competitive. Companies in other segments of the industry as well healthcare-focused and other private equity firms, some of which have financial and other resources than ours, may become competitors in providing neonatal, anesthesia, maternal-fetal and other pedi subspecialty care.

GOVERNMENT REGULATION

The healthcare industry is governed by a framework of federal and state laws, rules and regulations extensive and complex and for which, in many cases, the industry has the benefit of only limited jud and regulatory interpretation. If we or one of our affiliated practice groups or service businesses is f have

19

violated these laws, rules or regulations, our business, financial condition and results of operations c materially, adversely affected. Moreover, the ACA contains numerous provisions that are reshaping United States healthcare delivery system, and healthcare reform continues to attract significant legis interest, legal challenges, regulatory activity, new approaches and public attention that create uncert and the potential for additional changes. Healthcare reform implementation, additional legislation o regulations, and other changes in government policy or regulation may affect our reimbursement, re our existing operations, limit the expansion of our business or impose additional compliance require and costs, any of which could have a material adverse effect on our business, financial condition, re operations, cash flows and the trading price of our securities. See Item 1A. Risk Factors The ACA a significant effect on our business.

Licensing and Certification

Each state imposes licensing requirements on individual physicians and clinical professionals, and c facilities operated or utilized by healthcare companies like us. Many states require regulatory appro including certificates of need, before establishing certain types of healthcare facilities, offering certa services or expending amounts in excess of statutory thresholds for healthcare equipment, facilities programs. We and our affiliated physicians are also required to meet applicable Medicare provider requirements under federal laws, rules and regulations and Medicaid provider requirements under st laws, rules and regulations.

Fee Splitting; Corporate Practice of Medicine

Many states have laws that prohibit business corporations, such as MEDNAX, from practicing med employing physicians to practice medicine, exercising control over medical decisions by physicians engaging in certain arrangements, such as fee splitting, with physicians. In light of these restrictions operate by maintaining long-term management contracts through our subsidiaries with affiliated professional contractors, which employ or contract with physicians to provide physician professiona services. Under these arrangements, our manager subsidiaries perform only non-medical administra services, do not represent that they offer medical services and do not exercise influence or control o practice of medicine by the physicians employed by the affiliated professional contractors. In states fee splitting with a business corporation or manager is prohibited, the fees that are received from the affiliated professional contractors have been established on a basis that we believe complies with ap laws. Although the relevant laws in these states have been subject to limited judicial and regulatory interpretation, we believe that we are in compliance with applicable state laws in relation to the corp practice of medicine and fee splitting. However, regulatory authorities or other parties, including ou affiliated physicians, may assert that, despite these arrangements, we or our manager subsidiaries ar engaged in the corporate practice of medicine or that the contractual arrangements with the affiliate professional contractors constitute unlawful fee splitting, in which case we could be subject to administrative, civil or criminal remedies or penalties, the contracts could be found to be legally inv unenforceable, in whole or in part, or we could be required to restructure our contractual arrangeme our affiliated professional contractors.

Fraud and Abuse Provisions

Existing federal laws, as well as similar state laws, governing Medicare, Medicaid and other GHC Programs, impose a variety of fraud and abuse prohibitions on healthcare companies like us. These interpreted broadly and enforced aggressively by multiple government agencies, including the Offic Inspector General of the Department of Health and Human Services, the Department of Justice (D various state agencies. In addition, in the Deficit Reduction Act of 2005, Congress established a Me Integrity Program to enhance federal and state efforts to detect Medicaid fraud, waste and abuse and provide financial incentives for states to enact their own false claims legislation as an additional enforcement tool against Medicaid fraud and abuse. Since then, a growing number of states have en expanded their healthcare fraud and abuse laws.

The fraud and abuse provisions include extensive federal and state laws, rules and regulations appli our financial relationships with hospitals, referring physicians and other healthcare entities. In partic

the

20

Table of Contents

federal anti-kickback statute has criminal provisions relating to the offer, payment, solicitation or re any remuneration in return for either referring Medicare, Medicaid or other GHC Program business purchasing, leasing, ordering, or arranging for or recommending any service or item for which payr may be made by GHC Programs. In addition, the federal physician self-referral law, commonly kno the Stark Law, applies to physician ordering of certain designated health services reimbursable b from an entity with which the physician has a prohibited financial relationship. These laws are broa worded and have been broadly interpreted by federal courts and agencies, and potentially subject m healthcare business arrangements to government investigation, enforcement and prosecution, which costly and time consuming.

Violations of these laws are punishable by substantial penalties and other remedies, including mone fines, civil penalties, administrative remedies, criminal sanctions (in the case of the anti-kickback st exclusion from participation in GHC Programs and forfeiture of amounts collected in violation of su laws. Many of the states in which we operate also have similar anti-kickback and self-referral laws are applicable to our government and non-government business and which also authorize substantia penalties for violations.

There are a variety of other types of federal and state fraud and abuse laws, including laws authoriz imposition of criminal, civil and administrative penalties for submitting false or fraudulent claims fo reimbursement to government healthcare programs. These laws include the civil False Claims Act (which prohibits the submission of, or causing to be submitted, false claims to GHC Programs, inclu Medicare, Medicaid, TRICARE (the program for military dependents and retirees), the Federal Emp Health Benefits Program, and insurance plans purchased through the ACA insurance exchanges. Su civil fines and multiple damages, along with other remedies, can be imposed for violating the FCA. Furthermore, proving a violation of the FCA requires only that the government show that the indivi company that submitted or caused to be submitted an allegedly false claim acted in reckless disreg deliberate ignorance of the truth or falsity of the claim or with willful disregard, notwithstand may have been no specific intent to defraud the government program and no actual knowledge that claim was false (which typically are required to be shown to sustain a criminal conviction). The FC applies to the improper retention of identified overpayments and includes whistleblower provisio permit private citizens to sue a claimant on behalf of the government and thereby share in the amou recovered under the law and to receive additional remedies. In recent years, many cases have been b against healthcare companies by such whistleblowers, which have resulted in judgments or, mor settlements involving substantial payments to the government by the companies involved. It is antic that the number of such actions against healthcare companies will continue to increase with the ena or enhancement of a growing number of state false claims acts, certain amendments to the FCA and enhanced government enforcement.

In addition, federal and state agencies that administer healthcare programs have at their disposal sta commonly known as civil money penalty laws, that authorize substantial administrative fines, al legal and regulatory provisions that can lead to exclusion from participation in government program cases where an individual or company filed a false claim, caused a false claim to be filed, or knew o have known that the claim was false or fraudulent. As under the FCA, it often is not necessary for th agency to show that the claimant had actual knowledge that the claim was false or fraudulent in ord impose these penalties and remedies.

The civil and administrative false claims statutes are being applied in a broad range of circumstance example, government authorities have asserted that claiming reimbursement for services that fail to applicable quality standards may, under certain circumstances, violate these statutes. Government authorities also often take the position, now with support in the FCA, that claims for services that w induced by kickbacks, Stark Law violations or other illicit marketing schemes are fraudulent and, th violate the false claims statutes. Many of the laws and regulations referenced above can be used in conjunction with each other.

If we or our affiliated professional contractors were excluded from participation in any GHC Progra only would we be prohibited from submitting claims for reimbursement under such programs, but w would

21

Table of Contents

be unable to contract with other healthcare providers, such as hospitals, to provide services to them. also adversely affect our or our affiliated professional contractors ability to contract with, or obtai from, non-governmental payors.

Although we intend to conduct our business in compliance with all applicable federal and state frau abuse laws, many of the laws, rules and regulations applicable to us, including those relating to billi those relating to financial relationships with physicians and hospitals, are broadly worded and may interpreted or applied by prosecutorial, regulatory or judicial authorities in ways that we cannot pre Accordingly, we cannot assure you that our arrangements or business practices will not be subject t government scrutiny or be alleged or found to violate applicable fraud and abuse laws. Moreover, th standards of business conduct expected of healthcare companies under these laws and regulations h become more stringent in recent years, even in instances where there has been no change in statutor regulatory language. If there is a determination by government authorities that we have not complie any of these laws, rules and regulations, our business, financial condition and results of operations c materially, adversely affected. See Government Investigations.

Government Reimbursement Requirements

In order to participate in the Medicare program and in the various state Medicaid programs, we and affiliated physician practices must comply with stringent and often complex enrollment and reimbu requirements. Moreover, different states impose varying standards for their Medicaid programs. Wh compliance program requires that we and our affiliated physician practices adhere to the laws, rules regulations applicable to the government programs in which we participate, our failure to comply w laws, rules and regulations could negatively affect our business, financial condition and results of operations. See Government Regulation Fraud and Abuse Provisions, Government Regulation Program, Government Investigations and Other Legal Proceedings, and Item 1A. Risk Facto Government-funded programs or private insurers may limit, reduce or make retroactive adjustmen reimbursement amounts or rates, We may become subject to billing investigations by federal and government authorities and The healthcare industry is highly regulated, and government authorit determine that we have failed to comply with applicable laws, rules or regulations.

In addition, GHC Programs are subject to statutory and regulatory changes, administrative rulings, interpretations and determinations, requirements for utilization review and new governmental fundi restrictions, all of which may materially increase or decrease program payments, as well as affect th of providing services and the timing of payments to providers. Moreover, because these programs g provide for reimbursement on a fee-schedule basis rather than on a charge-related basis, we general cannot increase our revenue through increases in the amount we charge for our services. To the exte costs increase, we may not be able to recover our increased costs from these programs, and cost containment measures and market changes in non-governmental insurance plans have generally res our ability to recover, or shift to non-governmental payors, these increased costs. In attempts to lim and state spending, there have been, and we expect that there will continue to be, a number of propo limit or reduce Medicare and Medicaid reimbursement for various services. Our business may be significantly and adversely affected by any such changes in reimbursement policies and other legisl initiatives aimed at reducing healthcare costs associated with Medicare, Medicaid and other governi healthcare programs.

Our business also could be adversely affected by reductions in or limitations of reimbursement amo rates under these government programs, reductions in funding of these programs or elimination of c for certain individuals or treatments under these programs.

Antitrust

The healthcare industry is subject to close antitrust scrutiny. The Federal Trade Commission (FTC DOJ and state Attorneys General all actively review and, in some cases, take enforcement action ag business conduct and acquisitions in the healthcare industry. Violations of antitrust laws may be pu by substantial

Table of Contents

penalties, including significant monetary fines, civil penalties, criminal sanctions, consent decrees a injunctions prohibiting certain activities or requiring divestiture or discontinuance of business opera Any of these penalties could have a material adverse effect on our business, financial condition, res operations, cash flows and the trading price of our securities.

HIPAA and Other Privacy Laws

Numerous federal and state laws, rules and regulations govern the collection, dissemination, use, se and confidentiality of personal information. For example, the federal Health Insurance Portability a Accountability Act of 1996, as amended (HIPAA), and its implementing regulations govern the disclosure and security of protected health information (PHI) and violations of HIPAA are punis monetary fines, civil penalties and, in some cases, criminal sanctions. As part of our business opera including in connection with medical record keeping, third-party billing, research and other service and our affiliated physician practices collect and maintain PHI regarding patients, which subjects us compliance with HIPAA requirements.

Pursuant to HIPAA, the U.S. Department of Health and Human Services (HHS) has adopted priv regulations, known as the privacy rule, to govern the uses and disclosures of PHI (the Privacy Rul Privacy Rule applies to PHI in any form, whether electronic, paper or oral, that is created, received, maintained or transmitted by healthcare providers, hospitals, health plans and healthcare clearingho which are known as Covered Entities. We have implemented privacy policies and procedures, in training programs, designed to comply with the requirements set forth in the Privacy Rule.

HHS has also adopted data security regulations (the Security Rules) that require healthcare provi implement administrative, physical and technical safeguards to protect the integrity, confidentiality availability of individually identifiable health information that is electronically created, received, maintained or transmitted (including between us and our affiliated practices). We have implemente security policies, procedures and systems, including training programs, designed to comply with the requirements set forth in the Security Rules.

In addition, Congress enacted the Health Information Technology for Economic and Clinical Healt (HITECH) as part of the ARRA. Among other changes to the laws governing PHI, HITECH stre and expanded HIPAA requirements, increased penalties for violations, gave patients new rights to r uses and disclosures of their health information and imposed a number of privacy and security requ directly on our Business Associates, which are third-parties that perform functions or services fo our behalf that involve the use or disclosure of PHI. Under HITECH, Covered Entities are required any unauthorized use or disclosure of PHI that meets the definition of a breach to the affected indiv HHS and, depending on the number of affected individuals, the media for the affected market. In ad HITECH requires that Business Associates report breaches to their Covered Entity customers. HITE also authorizes state Attorneys General to bring civil actions in response to violations of HIPAA tha threaten the privacy of state residents. We have adopted privacy policies and procedures designed t comply with the applicable requirements set forth in HITECH.

In addition to the federal HIPAA and HITECH requirements, numerous state and certain other fede protect the confidentiality of patient information and other personal information, including state me privacy laws, state social security number protection, state data breach notification laws, state genet privacy laws, human subjects research laws and federal and state consumer protection laws. In som state laws are more stringent than HIPAA and are not preempted by the federal requirements.

These requirements are also subject to change. Compliance with new privacy and security laws, reg and requirements may result in increased operating costs, and may constrain or require us to alter ou business model or operations. For example, HITECH further restricted our ability to collect, disclos use sensitive personal information and imposed additional compliance requirements on us.

Table of Contents

HIPAA Transaction Requirements

In addition to privacy and data security regulations, HIPAA and its implementing regulations establ electronic data transmission standards that all healthcare providers must use for electronic healthcar transactions. For example, claims for reimbursement that are transmitted electronically to third-part must comply with specific formatting standards, and these standards apply whether the payor is a government or a private entity. Effective October 1, 2015, we began reporting, as required, medical diagnoses under new International Classification of Diseases, 10th Edition, (ICD-10), which repl International Classification of Diseases, 9th Edition, (ICD-9), medical coding diagnosis codes. IC codes are different from ICD-9 codes and require entities to code with much greater detail and spec than ICD-9 codes. If claims are not reported properly under ICD-10 due to technical or coding erro other implementation issues involving systems, including ours and those of our third-party payors, t be a delay in the processing and payment of such claims, or a denial of such claims, which could ha material adverse effect on our business, financial condition, results of operations, cash flows and th price of our securities.

Environmental Regulations

Our healthcare operations generate medical waste that must be disposed of in compliance with fede and local environmental laws, rules and regulations. Our office-based operations are subject to com with various other environmental laws, rules and regulations. Such compliance does not, and we an that such compliance will not, materially affect our capital expenditures, financial position or result operations.

Compliance Program

We maintain a compliance program that includes the established elements of an effective program a reflects our commitment to complying with all laws, rules and regulations applicable to our busines that meets our ethical obligations in conducting our business (the Compliance Program). We bel Compliance Program provides a solid framework to meet this commitment and our obligations as a provider of healthcare services, including:

- a Chief Compliance Officer who reports to the Board of Directors on a regular basis;
- a Compliance Committee consisting of our senior executives;
- a formal internal audit function, including a Director of Internal Audit who reports to the A Committee on a regular basis;
- our *Code of Conduct*, which is applicable to our employees, independent contractors, offic directors;
- our *Code of Professional Conduct Finance*, which is applicable to our finance personnel, including our Chief Executive Officer, Chief Financial Officer and Treasurer (who is also Chief Accounting Officer) and Vice President of Accounting and Finance;

a disclosure program that includes a mechanism to enable individuals to disclose on a conf
or anonymous basis to the Chief Compliance Officer or any person who is not in the disclo
individual s chain of command, issues or questions believed by the individual to be a pote
violation of criminal, civil, or administrative laws or of company policies or procedures;

an organizational structure designed to integrate our compliance objectives into our corpor
offices, divisions, regions and practices; and

education, monitoring and corrective action programs designed to establish methods to pro
understanding of our Compliance Program and adherence to its requirements.

The foundation of our Compliance Program is our *Code of Conduct*, which is intended to be a comprehensive statement of the ethical and legal standards governing the daily activities of our emp affiliated professionals, independent contractors, officers and directors. All our personnel are requir abide

Table of Contents

by, and are given thorough education regarding, our *Code of Conduct*. In addition, all employees an affiliated professionals are expected to report incidents that they believe in good faith may be in vio our *Code of Conduct*. We maintain a toll-free helpline to permit individuals to report compliance co on an anonymous basis and obtain answers to questions about our *Code of Conduct*. Our Compliand Program, including our *Code of Conduct*, is administered by our Chief Compliance Officer with ov by our Chief Executive Officer, Compliance Committee and Board of Directors. Copies of our *Cod Conduct* and our *Code of Professional Conduct Finance* are available on our website, www.medna Our Internet website and the information contained therein or connected thereto are not incorporate deemed a part of this Form 10-K. Any amendments or waivers to our *Code of Professional Conduct Finance* will be promptly disclosed on our website following the date of any such amendr waiver.

GOVERNMENT INVESTIGATIONS

We expect that audits, inquiries and investigations from government authorities, agencies, contracto payors will occur in the ordinary course of business. Such audits, inquiries and investigations and th ultimate resolutions, individually or in the aggregate, could have a material adverse effect on our bu financial condition, results of operations, cash flows and the trading price of our securities.

OTHER LEGAL PROCEEDINGS

In the ordinary course of our business, we become involved in pending and threatened legal actions proceedings, most of which involve claims of medical malpractice related to medical services provi our affiliated physicians. Our contracts with hospitals generally require us to indemnify them and th affiliates for losses resulting from the negligence of our affiliated physicians and other clinicians. W also become subject to other lawsuits that could involve large claims and significant defense costs. believe, based upon a review of pending actions and proceedings, that the outcome of such legal act proceedings will not have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities. The outcome of such actions and proc however, cannot be predicted with certainty and an unfavorable resolution of one or more of them c have a material adverse effect on our business, financial condition, results of operations, cash flows trading price of our securities.

Although we currently maintain liability insurance coverage intended to cover professional liability certain other claims, we cannot ensure that our insurance coverage will be adequate to cover liabilit arising out of claims asserted against us in the future where the outcomes of such claims are unfavo us. With respect to professional liability risk, we self-insure a significant portion of this risk through wholly owned captive insurance subsidiary. Liabilities in excess of our insurance coverage, includir coverage for professional liability and certain other claims, could have a material adverse effect on business, financial condition, results of operations, cash flows and the trading price of our securities Professional and General Liability Coverage.

PROFESSIONAL AND GENERAL LIABILITY COVERAGE

We maintain professional and general liability insurance policies with third-party insurers generally claims-made basis, subject to deductibles, self-insured retention limits, policy aggregates, exclusion other restrictions, in accordance with standard industry practice. We believe that our insurance cove appropriate based upon our claims experience and the nature and risks of our business. However, w predict whether any pending or future claim would be successful or, if successful, would not exceed limits of available insurance coverage.

Our business entails an inherent risk of claims of medical malpractice against our affiliated physicia clinicians and us. We contract and pay premiums for professional liability insurance that indemnifie our affiliated healthcare professionals generally on a claims-made basis for losses incurred related t medical malpractice litigation. Professional liability coverage is required in order for our affiliated physicians to maintain hospital privileges. Our self-insured retention under our professional liability insurance program is maintained

25

primarily through a wholly owned captive insurance subsidiary. We record estimates in our Consoli Financial Statements for our liabilities for self-insured retention amounts and claims incurred but no reported based on an actuarial valuation using historical loss information, claim emergence patterns various actuarial assumptions. Liabilities for claims incurred but not reported are not discounted. Be many factors can affect historical and future loss patterns, the determination of an appropriate reser involves complex, subjective judgment, and actual results may vary significantly from estimates. If self-insured retention amounts and other amounts that we are actually required to pay materially exc estimates that have been reserved, our financial condition, results of operations and cash flows coul materially, adversely affected.

EMPLOYEES AND PROFESSIONALS UNDER CONTRACT

In addition to the over 3,240 practicing physicians affiliated with us as of December 31, 2015, we e or contracted with approximately 3,245 other clinical professionals and approximately 5,400 other f and part-time employees.

GEOGRAPHIC COVERAGE

We provide physician services in 35 states, including Alaska, Arizona, Arkansas, California, Colora Florida, Georgia, Idaho, Indiana, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, Oh Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Washington a Virginia, and Puerto Rico. During 2015, approximately 54% of our net revenue was generated by operations in our five largest states. Our operations in Texas accounted for approximately 20% of o revenue for the same period. Although we continue to seek to diversify the geographic scope of our operations, primarily through acquisitions of physician group practices, we may not be able to impl successfully or realize the expected benefits of any of these initiatives. Adverse changes or conditio affecting states in which our operations are concentrated, such as healthcare reforms, changes in law and regulations, reduced Medicare or Medicaid reimbursements, an increase in the income level req qualify for government healthcare programs or government investigations, may have a material adv effect on our business, financial condition, results of operations, cash flows and the trading price of securities.

In addition, through our complementary service businesses, we provide revenue cycle management consulting services to healthcare facilities and physicians nationwide. We also provide outsourced radiology and telemedicine services to over 2,100 client hospital, health system and radiology group facilities across all 50 states, the District of Columbia and Puerto Rico.

SERVICE MARKS

We have registered with the United States Patent and Trademark Office the service marks MEDN National Medical Group and Design, Pediatrix Medical Group and Design, Obstetrix Medical Design, American Anesthesiology and Design, BabySteps, the Baby Design, Quality St Clinical Navigation System, iNewborn, NEO Conference and Design, MedData and vR

AVAILABLE INFORMATION

Our annual proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, curren on Form 8-K and amendments to those statements and reports filed or furnished pursuant to Section or 15(d) of the Securities Exchange Act of 1934 are available free of charge and may be printed out our Internet website, www.mednax.com, as soon as reasonably practicable after we electronically fi material with, or furnish it to, the SEC. Our proxy statements and reports may also be obtained dire from the SEC s Internet website at www.sec.gov or from the SEC s Public Reference Room at 10 N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room can be by calling 1-800-SEC-0330. Our Internet website and the information contained therein or connecte thereto are not incorporated into or deemed a part of this Form 10-K.

26

Table of Contents

ITEM 1A. RISK FACTORS

Our business is subject to a number of factors that could materially affect future developments and performance. In addition to factors affecting our business that have been described elsewhere in thi 10-K, any of the following risks could have a material adverse effect on our business, financial cond results of operations, cash flows and the trading price of our securities.

Economic conditions could have an adverse effect on our business.

Although economic conditions in the United States have gradually improved, the number of unemp and under-employed workers remains significant. During the year ended December 31, 2015, the percentage of our patient service revenue being reimbursed under GHC Programs increased as com the year ended December 31, 2014. We could experience additional shifts toward GHC Programs, a patient volumes could decline if economic conditions do not continue to improve or if they deterior Adverse economic conditions could also lead to additional increases in the number of unemployed a under-employed workers and a decline in the number of private employers that offer healthcare insu coverage to their employees. Employers that do offer healthcare coverage may increase the required contributions from employees to pay for their coverage and increase patient responsibility amounts. addition, certain private payors poor experience with the healthcare insurance exchanges may resu payors exiting the health care exchange marketplace. As a consequence, the number of patients who participate in GHC Programs or are uninsured could increase. Payments received from GHC Progra substantially less than payments received from private healthcare insurance programs (managed car other third-party payors). A payor mix shift from private healthcare insurance programs to GHC pro may result in an increase in our estimated provision for contractual adjustments and uncollectibles a corresponding decrease in our net revenue, as well as a significant reduction in our average reimbur rates. In addition, due to the rising costs of managed care premiums and patient responsibility amou may experience increased bad debt due to patients inability to pay for certain services. Further, it r uncertain whether the ACA will ultimately increase or decrease the number of our patients with priv healthcare insurance, obtained either through employers or the health insurance exchanges. Paymen policies issued through the healthcare exchanges may be less than payments from private healthcare insurance programs.

State budgetary constraints could have an adverse effect on our reimbursement from Medicai programs.

As a result of recent economic conditions, many states are continuing to collect less revenue than th in prior years and as a consequence are facing budget shortfalls and underfunded pension and other obligations. Although shortfalls have been declining in more recent budgetary years, they are still significant by historical standards. The financial condition of the states in which the Company does business could lead to reduced or delayed funding for Medicaid programs and, in turn, reduced or d reimbursement for physician services, which could adversely affect our results of operations, cash f and financial condition.

The birth rate in the United States may decline.

Final birth data for 2014 indicate that total births in the United States increased by approximately 1 compared to 2013 and 2012. Although the provisional data for the full year of 2015 are not yet avai we expect that birth trends may have stabilized or increased slightly. However, future declines in bi possible and could have an adverse effect on our patient volumes and revenue.

The ACA may have a significant effect on our business.

The ACA contains a number of provisions that have affected us and may continue to affect us over several years. These provisions include the establishment of health insurance exchanges to facilitate purchase of qualified health plans, expanded Medicaid eligibility, subsidized insurance premiums a additional requirements and incentives for businesses to provide healthcare benefits. Other provisio expanded the scope and reach of FCA and other healthcare fraud and abuse laws.

27

Table of Contents

The ACA contains numerous other measures that could also affect us. For example, payment modif being developed that will differentiate payments to physicians under federal healthcare programs ba quality and cost of care. In addition, other provisions authorize voluntary demonstration projects rel the bundling of payments for episodes of hospital care and the sharing of cost savings achieved und Medicare program. As directed by the ACA, CMS also has established a Medicare Shared Savings (MSSP) that allows physicians, hospitals and other healthcare providers to coordinate care for M beneficiaries through Accountable Care Organizations (ACOs). ACOs are entities consisting of h providers and suppliers organized to deliver services to Medicare beneficiaries and eligible under th to receive a share of any cost savings the entity can achieve by delivering services to those benefici cost below a set baseline and based upon established quality of care standards. We will continue to the impact of the MSSP on our business and operations. Many of the ACA s most significant refor as the establishment of state-based and federally facilitated insurance exchanges that provide a mark for eligible individuals and small employers to purchase healthcare insurance, only became effectiv beginning of 2014. Following three enrollment periods, the most recent of which ran through Janua 2016, it has been projected that approximately 10 million people, including new applicants and retu customers, are enrolled. In some cases, patients responsibility for costs related to healthcare plans through the insurance exchanges may be high and could increase in the future, and we may experien increased bad debt due to patients inability to pay for certain services.

The ACA also allows states to expand their Medicaid programs through federal payments that fund the cost of increasing the Medicaid eligibility income limit from a state s historic eligibility levels t of the federal poverty level. As of January 12, 2016, 31 states and the District of Columbia are implementing the expansion of Medicaid eligibility. In addition, a limited number of states have ob waivers from CMS to expand Medicaid eligibility in a manner that is different from that prescribed ACA while still allowing them to access federal matching funds, 16 states have expressed their inte expand Medicaid eligibility and four states are still considering whether to adopt the Medicaid expa All of the states in which we operate, however, already cover children in the first year of life and pr women if their household incomes are at or below 133% of the federal poverty level. As a result of and other uncertainties, we cannot predict whether there will be more uninsured patients than was anticipated when the ACA was enacted.

Federal and state agencies are expected to continue to develop regulations and implement provision ACA. However, given the complexity and the number of changes expected as a result of the ACA, as the implementation timetable and delays for many of them, we cannot predict the ultimate impac ACA, as they may not be known for several years. The ACA also remains subject to continuing leg scrutiny, including efforts by Congress to amend or repeal a number of its provisions, as well as administrative actions delaying the effectiveness of key provisions. In addition, there have been law filed by various stakeholders pertaining to certain portions of the ACA that may have the effect of modifying or altering various parts of the law. As a result, we cannot predict with any assurance the ultimate effect of the ACA on our Company, nor can we provide any assurance that its provisions w have a material adverse effect on our business, financial condition, results of operations, cash flows trading price of our securities.

Expanding eligibility of government-sponsored programs could adversely affect our reimburs

In February 2009, Congress reauthorized the State Children s Health Insurance Program (SCHIP September 2013 and expanded its eligibility coverage. The ACA extended the reauthorization throu September 2015. On April 16, 2015, President Obama signed into law the Medicare Access and C Reauthorization Act of 2015 (MACRA), which extends SCHIP for two more years. Further exp SCHIP eligibility and the ACA s expansion of Medicaid coverage could cause patients who otherw would have participated in private healthcare insurance programs to participate in GHC Programs. Additional reform efforts could change the eligibility requirements for Medicaid and for other GHC Programs and could increase the number of patients who participate in such programs or the numbe uninsured patients. Payments received from government-sponsored programs are substantially less payments received from private healthcare insurance programs

28

Table of Contents

(managed care and other third-party payors). A shift in the mix of our payors from private healthcar insurance programs to government payors may result in an increase in our estimated provision for contractual adjustments and uncollectibles and a corresponding decrease in our net revenue, as well significant reduction in our average reimbursement rates.

Government-funded programs or private insurers may limit, reduce or make retroactive adju to reimbursement amounts or rates.

A significant portion of our net revenue is derived from payments made by GHC Programs, princip Medicare and Medicaid. These government-funded programs, as well as private insurers, have take may continue to take steps, including a movement toward increased use of managed care organizati value-based purchasing, and new patient care models to control the cost, eligibility for, use and deli healthcare services as a result of budgetary constraints and cost containment pressures due to unfav economic conditions, rising healthcare costs and for other reasons, including those described above Item 1. Business Government Regulation Government Reimbursement Requirements. These government-funded programs and private insurers may attempt other measures to control costs, incl bundling of services and denial of, or reduction in, reimbursement for certain services and treatmen addition, increased consolidation among private insurers is resulting in fewer and larger third-party with increased negotiating power. As a result, payments from government programs or private payo decrease significantly. Also, any adjustment in Medicare reimbursement rates may have a detrimen impact on our reimbursement rates not only for Medicare patients, but also for patients covered und Medicaid and other third-party payors, because a state s Medicaid payments cannot exceed the pay would have made had those patients been enrolled in traditional Medicare, and other third-party pay often base their reimbursement rates on a percentage of Medicare rates. Our business may also be materially affected by limitations on, or reductions in, reimbursement amounts or rates or eliminatio coverage for certain individuals or treatments. Moreover, because government-funded programs ge provide for reimbursements on a fee-schedule basis rather than on a charge-related basis, we genera cannot increase our revenue from these programs through increases in the amount we charge for ou services. To the extent our costs increase, we may not be able to recover our increased costs from th programs, and cost containment measures and market changes in non-government-funded insurance have generally restricted our ability to recover, or shift to non-governmental payors, these increased In addition, funds we receive from third-party payors are subject to audit with respect to the proper for physician and ancillary services and, accordingly, our revenue from these programs may be adju retroactively. Any retroactive adjustments to our reimbursement amounts could have a material adv effect on our business, financial condition, results of operations, cash flows and the trading price of securities.

In addition, Medicare reimbursement rates could be reduced due to statutory formulas. Presently, M pays for all physician services based upon a national fee schedule which contains a list of uniform r The payment rates under the fee schedule are determined based on national uniform relative value u the services provided, a geographic adjustment factor and a conversion factor. Historically, the fee s was adjusted annually based on a complex formula that was linked in part to the use of services by Medicare beneficiaries and the growth in gross domestic product. Since 2002, this formula resulted negative payment updates under the fee schedule that grew increasingly larger, and Congress had to repeated legislative action to reverse scheduled payment reductions. MACRA eliminated this comp formula and instead provided physicians with a 0.5% increase in Medicare reimbursement for the p from July 2015 through December 2015, and then 0.5% annual increases through 2019 as Medicare transitions to a payment system designed to reward physicians for the quality of care provided, rath the quantity of procedures performed. Beginning in 2019, MACRA is intended to provide increased Medicare reimbursement for physicians who excel in meeting certain quality and cost metrics and t Medicare reimbursement for physicians who are underperforming against those metrics. Physicians meaningful participants in alternative payment models will receive bonus payments pursuant to the Regulations interpreting MACRA are expected to be forthcoming over the next several years, and w assess MACRA s impact on our operations as these regulations are released. In addition, the Budge Act of 2011, as amended by the American Taxpayer Relief Act of 2012, sets forth

29

across-the-board cuts (sequestrations) to Medicare reimbursement rates which began in April 20 annual reductions of 2%, on average, apply to mandatory and discretionary spending and have been extended through 2025. Unless Congress takes action in the future to modify these sequestrations, M reimbursements will be reduced by 2%, on average, annually.

On October 30, 2015, CMS issued a final rule that updates payment policies, payment rates and qua provisions for services furnished under the Medicare fee schedule on or after January 1, 2016. CMS finalized several new policies as well as finalized changes to several of the quality reporting initiati are associated with physician services payments. At this time we cannot predict the effect that these changes will have on MEDNAX, nor can we provide any assurance that these CMS changes will no material adverse effect on our business, financial condition, results of operations, cash flows and th price of our securities.

We may become subject to billing investigations by federal and state government authorities.

Federal and state laws, rules and regulations impose substantial penalties, including criminal and ci monetary penalties, exclusion from participation in government healthcare programs and imprisonm entities or individuals (including any individual corporate officers or physicians deemed responsible fraudulently or wrongfully bill government-funded programs or other third-party payors for healthc services. CMS requires states to maintain a Medicaid Recovery Audit Contractor (RAC) program are required to contract with one or more eligible Medicaid RACs to review Medicaid claims for an overpayments or underpayments, and to recoup overpayments from providers on behalf of the state addition, federal laws, along with a growing number of state laws, allow a private person to bring a action in the name of the government for false billing violations. See Item 1. Business Governme Regulation Fraud and Abuse Provisions. We believe that audits, inquiries and investigations from government agencies will occur from time to time in the ordinary course of our business, which cou in substantial costs to us and a diversion of management s time and attention. We cannot predict w any future audits, inquiries or investigations, or the public disclosure of such matters, would have a adverse effect on our business, financial condition, results of operations, cash flows and the trading our securities. See Item 1. Business Government Investigations.

The healthcare industry is highly regulated, and government authorities may determine that failed to comply with applicable laws, rules or regulations.

The healthcare industry and physicians medical practices, including the healthcare and other servi we and our affiliated physicians provide, are subject to extensive and complex federal, state and loc rules and regulations, compliance with which imposes substantial costs on us. Of particular importa the provisions summarized as follows:

- federal laws (including the federal FCA) that prohibit entities and individuals from knowin recklessly making claims to Medicare, Medicaid and other government-funded programs th contain false or fraudulent information or from improperly retaining known overpayments;

- a provision of the Social Security Act, commonly referred to as the anti-kickback statute prohibits the knowing and willful offer, payment, solicitation or receipt of any bribe, kickb rebate or other remuneration, in cash or in kind, in return for the referral or recommendatio patients for items and services covered, in whole or in part, by federal healthcare programs Medicare and Medicaid;

- a provision of the Social Security Act, commonly referred to as the Stark Law, that, subjec certain exceptions, prohibits physicians from referring Medicare patients to an entity for th provision of certain designated health services if the physician or a member of such phy

family has a direct or indirect financial relationship (including a compensation arrangemen
the entity;

similar state law provisions pertaining to anti-kickback, fee splitting, self-referral and false
which typically are not limited to relationships involving government-funded programs;

provisions of HIPAA that prohibit knowingly and willfully executing a scheme or artifice t defraud a healthcare benefit program or falsifying, concealing or covering up a material fac making any material false, fictitious or fraudulent statement in connection with the delivery payment for healthcare benefits, items or services;

federal and state laws related to confidentiality, privacy and security of personal informatio including medical information and records, that limit the manner in which we may use and that information, impose obligations to safeguard that information and require that we notif parties in the event of a breach;

state laws that prohibit general business corporations from practicing medicine, controlling physicians medical decisions or engaging in certain practices, such as splitting fees with physicians;

federal and state laws governing participation in GHC Programs could result in denial of ou application to become a participating provider or revocation of our participation or billing privileges, which in turn, could cause us to not be able to treat patients covered by the appl program or prohibit us from billing for the treatment services provided to such patients;

federal and state laws that prohibit providers from billing and receiving payment from Med and Medicaid for services unless the services are medically necessary, adequately and accu documented and billed using codes that accurately reflect the type and level of services ren

federal and state laws pertaining to the provision of services by non-physician practitioners as advanced nurse practitioners, physician assistants and other clinical professionals, physi supervision of such services and reimbursement requirements that may be dependent on the manner in which the services are provided and documented; and

federal laws that impose civil administrative sanctions for, among other violations, inappro billing of services to federally funded healthcare programs, inappropriately reducing hospit inpatient lengths of stay for such patients, or employing individuals who are excluded from participation in federally funded healthcare programs.

In addition, we believe that our business will continue to be subject to increasing regulation, the sco effect of which we cannot predict. See Item 1. Business Government Regulation.

We may in the future become the subject of regulatory or other investigations, audits or proceeding our interpretations of applicable laws, rules and regulations may be challenged. For example, regula authorities or other parties may assert that our arrangements with our affiliated professional contrac constitute fee splitting or the corporate practice of medicine and seek to invalidate these arrangemen which could have a material adverse effect on our business, financial condition, results of operation flows and the trading price of our securities. See Item 1. Business Government Regulation Fee S Corporate Practice of Medicine. Regulatory authorities or other parties also could assert that our relationships, including fee arrangements, among our affiliated professional contractors, hospital cli referring physicians violate the anti-kickback, fee splitting or self-referral laws and regulations or th have submitted false claims or otherwise failed to comply with government program reimbursemen requirements. See Item 1. Business Government Regulation Fraud and Abuse Provisions and Reimbursement Requirements. Such investigations, proceedings and challenges could result in sub defense costs to us and a diversion of management s time and attention. In addition, violations of th are punishable by monetary fines, civil and criminal penalties, exclusion from participation in GHC Programs, and forfeiture of amounts collected in violation of such laws and regulations, any of whic

have a material adverse effect on our business, financial condition, results of operations, cash flows
trading price of our securities.

Table of Contents

Federal and state laws that protect the privacy and security of personal information may incr costs and limit our ability to collect and use that information and subject us to liability if we a unable to fully comply with such laws.

Numerous federal and state laws, rules and regulations govern the collection, dissemination, use, se and confidentiality of personal information, including individually identifiable health information. laws include:

- Provisions of HIPAA that limit how covered entities and business associates may use and d PHI, provide certain rights to individuals with respect to that information and impose certa security requirements;
- HITECH, which strengthens and expands the HIPAA Privacy Rule and Security Rules and imposes data breach notification obligations;
- Other federal and state laws restricting the use and protecting the privacy and security of pe information, including health information, many of which are not preempted by HIPAA;
- Federal and state consumer protection laws; and
- Federal and state laws regulating the conduct of research with human subjects.

As part of our business operations, including our medical record keeping, third-party billing, researc other services, we collect and maintain PHI in paper and electronic format. Standards related to hea information, whether implemented pursuant to HIPAA, HITECH, state laws, federal or state action otherwise, could have a significant effect on the manner in which we handle personal information, including healthcare-related data, and communicate with payors, providers, patients and others, and compliance with these standards could impose significant costs on us or limit our ability to offer ser thereby negatively impacting the business opportunities available to us.

If we are alleged to not comply with existing or new laws, rules and regulations related to personal information we could be subject to litigation and to sanctions that include monetary fines, civil or administrative penalties, civil damage awards or criminal penalties.

Government authorities or other parties may assert that our business practices violate antitru

The healthcare industry is subject to close antitrust scrutiny. The FTC, the DOJ and state Attorneys all actively review and, in some cases, take enforcement action against business conduct and acquis the healthcare industry. Private parties harmed by alleged anticompetitive conduct can also bring an suits. Violations of antitrust laws may be punishable by substantial penalties, including significant r fines, civil penalties, criminal sanctions, and consent decrees and injunctions prohibiting certain act or requiring divestiture or discontinuance of business operations. Any of these penalties could have material adverse effect on our business, financial condition, results of operations, cash flows and th price of our securities.

Our affiliated physicians and third-party contractors may not appropriately record or docum services that they provide.

Our affiliated physicians are responsible for appropriately recording and documenting the services t provide. We use this information to seek reimbursement for their services from third-party payors.

addition, we utilize third-party contractors to perform certain revenue cycle management functions
medical providers, including medical coding. If our physicians and third-party contractors do not
appropriately document, or where applicable, code for their services or our customers services, we
subjected to administrative, regulatory, civil, or criminal investigations or sanctions and our busines
financial condition, results of operations and cash flows could be materially adversely affected.

Table of Contents

Failure to manage third-party service providers may adversely affect our ability to maintain t quality of service that we provide.

We outsource a limited portion of our revenue cycle management functions to third-party service pr but we may increase the amount of revenue cycle management functions we outsource in the future functions are generally performed in offshore locations, with our oversight. If our outsourcing partn to perform their obligations in a timely manner or at satisfactory quality levels or if they are unable attract or retain sufficient personnel with the necessary skill sets to meet our offshoring needs, the q our services and operations could suffer. In addition, our reliance on a workforce in other countries us to disruptions in the business, political and economic environment in those regions. Further, any to existing laws or the enactment of new legislation restricting offshore outsourcing in the United S may adversely affect our ability to outsource functions to third-party offshore service providers. Ou to manage any difficulties encountered could be largely outside of our control. Diminished service q from offshoring and outsourcing or our inability to utilize offshore service providers could have a n adverse effect on our business, financial condition, results of operations, cash flows and securities.

We may not find suitable acquisition candidates or successfully integrate our acquisitions. Ou acquisitions may expose us to greater business risks and could affect our payor mix.

We have expanded and continue to seek to expand our presence in new and existing metropolitan ar acquiring established neonatal, anesthesia care, maternal-fetal, pediatric cardiology and other complementary pediatric subspecialty physician group practices as well as a teleradiology services company. Also, both independently and in collaboration with our hospital partners, we may seek to into other specialties and subspecialties. In addition, we have recently acquired physician and other healthcare services companies that are complementary to our physician practices.

Our acquisition strategy involves numerous risks and uncertainties, including:

- We may not be able to identify suitable acquisition candidates or strategic opportunities or implement successfully or realize the expected benefits of any suitable opportunities. In ad we compete for acquisitions with other potential acquirers, some of which may have greate financial or operational resources than we do. This competition may intensify due to the on consolidation in the healthcare industry, which may increase our acquisition costs.

- We may not be able to complete acquisitions of physician practices or services companies may complete acquisitions on less favorable terms as a result of changes in tax laws, financ market or other economic or market conditions.

- We may not be able to successfully integrate completed acquisitions, including our recent acquisitions. Integrating completed acquisitions into our existing operations involves nume short-term and long-term risks, including diversion of our management s attention, failure key personnel, long-term value of acquired intangible assets and acquisition expenses. In a we may be required to comply with laws, rules and regulations that may differ from those o states in which our operations are currently conducted.

- We cannot be certain that any acquired business will continue to maintain its pre-acquisitio revenue and growth rates or be financially successful. In addition, we cannot be certain of t extent of any unknown or contingent liabilities of any acquired business, including liabiliti failure to comply with applicable laws, or liabilities relating to medical malpractice claims. Generally we obtain indemnification agreements from the sellers of businesses acquired wi respect to pre-closing acts, omissions and other similar risks. It is possible that we may see

enforce indemnification provisions in the future against sellers who may no longer have the financial wherewithal to satisfy their obligations to us. Accordingly, we may incur material liabilities for past activities of acquired businesses.

Table of Contents

We could incur or assume indebtedness and issue equity in connection with acquisitions. T issuance of shares of our common stock for an acquisition may result in dilution to our exis shareholders and, depending on the number of shares that we issue, the resale of such share affect the trading price of our common stock.

We may acquire businesses that derive a greater portion of their revenue from GHC Progra what we recognize on a consolidated basis or that have business models with lower operati margins than ours. These acquisitions could affect our overall payor mix or operating resul future periods.

Acquisitions of practices and services companies could entail financial and operating risks fully anticipated. Such acquisitions could divert management s attention and our resources

An acquisition could be subject to a challenge under the antitrust laws either before or after consummated. Such a challenge could involve substantial legal costs and divert manageme attention and resources and could result in us having to abandon the transaction or make a divestiture.

We may not be able to successfully execute our same-unit and organic growth strategies.

In addition to our acquisition growth strategy, we seek opportunities for increasing revenue from ou existing hospital- and office-based operations through same-unit and organic growth strategies. We seek opportunities to grow organically outside of our existing operations. We may not be able to successfully execute our same-unit and organic growth strategies for reasons including the followin

We may not be able to expand the services that our affiliated physicians provide to our hos partners or the services provided by our services companies to their customers.

We may not be able to attract referrals to our office-based practices or neonatology transpo our hospital-based units.

We may not be able to execute new contractual arrangements with hospitals, including thro joint ventures, where we either currently provide or do not currently provide physician serv

We may not be able to work with our hospital partners to develop integrated services progr which we become a multi-specialty provider of solutions within the maternal-fetal, newbor pediatric continuum of care.

We may not accurately project organic growth performance, potentially resulting in lower In addition, certain of our organic growth strategies may involve risks and uncertainties similar to th our acquisition strategy. See We may not find suitable acquisition candidates or successfully integ acquisitions. Our acquisitions may expose us to greater business risks and could affect our payor mi

We may not be able to maintain effective and efficient information systems or properly safegu information systems.

Our operations are dependent on uninterrupted performance of our information systems. Failure to
reliable information systems, disruptions in our existing information systems or the implementation
systems could cause disruptions in our business operations, including errors and delays in billings a
collections, difficulty satisfying requirements under hospital contracts, disputes with patients and pa
violations of patient privacy and confidentiality requirements and other regulatory requirements, inc
administrative expenses and other adverse consequences.

In addition, information security risks have generally increased in recent years because of new techn
and the increased activities of perpetrators of cyber-attacks resulting in the theft of protected health
business or financial information. Despite our layered security controls, experienced computer
programmers and hackers may be able to penetrate our information systems and misappropriate or
compromise sensitive personal

information or proprietary or confidential information, create system disruptions or cause shutdown also may be able to develop and deploy viruses, worms and other malicious software programs that our systems or otherwise exploit any security vulnerabilities. Outside parties may also attempt to fraudulently induce employees to take actions, including the release of confidential or sensitive info or to make fraudulent payments, through illegal electronic spamming, phishing or other tactics.

A failure in or breach of our information systems as a result of cyber-attacks or other tactics could a disrupt our business, result in the release or misuse of confidential or proprietary information or fin loss, damage our reputation, increase our administrative expenses, and expose us to additional risk liability to federal or state governments or individuals. Although we believe that we have robust information security procedures and other safeguards in place, which are monitored and routinely te internally and by external parties, as cyber threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures or to investigate and remediate any information security vulnerabilities. Our remediation efforts may not be successful a result in interruptions, delays or cessation of service and loss of existing or potential customers and disruption of our operations, including, without limitation, our billing processes. In addition, breach our security measures and the unauthorized dissemination of personal healthcare and other informat proprietary or confidential information about us, our patients, clients or customers, or other third-pa could expose such persons private information to the risk of financial or medical identity theft or e or such persons to a risk of loss or misuse of this information, result in litigation and potential liabil us, damage our brand and reputation or otherwise harm our business. Any of these disruptions or br of security could have a material adverse effect on our business, financial condition, results of opera cash flows and the trading price of our securities.

Our employees and business partners may not appropriately secure and protect confidential information in their possession.

Each of our employees and business partners is responsible for the security of the information in ou systems or under our control and to ensure that private and financial information is kept confidentia Should an employee or business partner not follow appropriate security measures, including those r cyber threats or attacks or other tactics, as well as our privacy and security policies and procedures, improper release of personal information, including PHI, or confidential business or financial inform or misappropriation of assets could result. The release of such information or misappropriation of a could have a material adverse effect on our business, financial condition, results of operations, cash and the trading price of our securities.

We may not be able to successfully recruit and retain qualified physicians and other clinicians

We are dependent upon our ability to recruit and retain a sufficient number of qualified physicians a other clinicians to service existing units at hospitals and our affiliated practices and expand our busi We compete with many types of healthcare providers, including teaching, research and government institutions, hospitals and health systems and other practice groups, for the services of qualified clin We may not be able to continue to recruit new clinicians or renew contracts with existing clinicians acceptable terms. If we do not do so, our ability to service existing or new hospital units and staff ex or new office-based practices could be adversely affected.

A significant number of our affiliated physicians or other clinicians could leave our affiliated practices or our affiliated professional contractors may be unable to enforce the non-competit covenants of departed physicians.

Our affiliated professional contractors usually enter into employment agreements with our affiliated physicians. Certain of our employment agreements can be terminated without cause by any party up written notice. In addition, substantially all of our affiliated physicians have agreed not to compete specified geographic area for a certain period after termination of employment. The law governing non-compete

35

agreements and other forms of restrictive covenants varies from state to state. Although we believe non-competition and other restrictive covenants applicable to our affiliated physicians are reasonab scope and duration and therefore enforceable under applicable state law, courts and arbitrators in so states may be reluctant to enforce non-compete agreements and restrictive covenants against physic Our affiliated physicians or other clinicians may leave our affiliated practices for a variety of reason including in order to provide services for other types of healthcare providers, such as teaching, rese government institutions, hospitals and health systems and other practice groups. If a substantial nun our affiliated physicians or other clinicians leave our affiliated practices or our affiliated profession contractors are unable to enforce the non-competition covenants in the employment agreements, ou business, financial condition, results of operations and cash flows could be materially, adversely aff

We may be subject to medical malpractice and other lawsuits not covered by insurance.

Our business entails an inherent risk of claims of medical malpractice against our affiliated physicia us. We may also be subject to other lawsuits which may involve large claims and significant defens Although we currently maintain liability insurance coverage intended to cover professional liability other claims, there can be no assurance that our insurance coverage will be adequate to cover liabili arising out of claims asserted against us where the outcomes of such claims are unfavorable to us. Generally, we self-insure our liabilities to pay retention amounts for professional liability matters th wholly owned captive insurance subsidiary. Liabilities in excess of our insurance coverage, includi coverage for professional liability and other claims, could have a material adverse effect on our bus financial condition, results of operations, cash flows and the trading price of our securities. See Iten Business Other Legal Proceedings and Professional and General Liability Coverage.

The reserves that we have established related to our professional liability losses are subject to inherent uncertainties and if a deficiency is determined this may lead to a reduction in our ne earnings.

We have established reserves for losses and related expenses that represent estimates involving actu projections. These actuarial projections are developed at a given point in time and represent our expectations of the ultimate resolution and administration of costs of losses incurred with respect to professional liability risks for the amount of risk retained by us. Insurance reserves are inherently su uncertainty. Our reserve estimates are based on actuarial valuations using historical claims, demogr factors, industry trends, severity and exposure factors and other actuarial assumptions. The estimate projected ultimate losses are developed at least annually. Our reserves could be significantly affecte should current and future occurrences differ from historical claim trends and expectations. While cl monitored closely when estimating reserves, the complexity of the claims and wide range of potenti outcomes often hamper timely adjustments to the assumptions used in these estimates. Actual losse related expenses may deviate, perhaps substantially, from the reserve estimates reflected in our fina statements. If our estimated reserves are determined to be inadequate, we will be required to increas reserves at the time the deficiency is determined. See Item 7. Management s Discussion and Analy Financial Condition and Results of Operations Application of Critical Accounting Policies and Estimates Professional Liability Coverage.

We may write-off intangible assets, such as goodwill.

The carrying value of our intangible assets, which consists primarily of goodwill related to our acqu is subject to annual impairment testing. Under current accounting standards, goodwill is tested for impairment on an annual basis and we may be subject to impairment losses as circumstances chang an acquisition. If we record an impairment loss related to our goodwill, it could have a material adv effect on our business, financial condition, results of operations, cash flows and the trading price of securities.

We may not effectively manage our growth.

We have experienced significant growth in our business, including growth outside of our core phys specialties of neonatology and anesthesiology. Growth in the number of our employees and affiliate

physicians

in recent years places significant demands on our financial, operational and management resources. Continued growth may impair our ability to provide our services efficiently and to manage our emp adequately. While we are taking steps to manage our growth, our future results of operations could materially, adversely affected if we are unable to do so effectively.

Our quarterly results will likely fluctuate from period to period.

We have historically experienced and expect to continue to experience quarterly fluctuations in net and net income. For example, we typically experience negative cash flow from operations in the fir quarter of each year, principally as a result of bonus payments to affiliated physicians as well as discretionary matching contributions for participants in our qualified contributory savings plans. In addition, a significant number of our employees and associated professional contractors (primarily physicians) exceed the level of taxable wages for social security contributions during the first and s quarters. As a result, we incur a significantly higher payroll tax burden and our net income is lower those quarters. Moreover, a lower number of calendar days are present in the first and second quarte the year as compared to the remainder of the year. Because we provide services in the NICU on a 24-hours-a-day basis, 365 days a year, any reduction in service days will have a corresponding redu net revenue. In addition, any reduction in office days in our office-based practices or business days anesthesia practices will also have a corresponding reduction in net revenue. We also have significa operating costs, including costs for our affiliated physicians, and as a result, are highly dependent o volume and capacity utilization of our affiliated physicians to sustain profitability. Quarterly results also be impacted by the timing of acquisitions and any fluctuation in patient volume. As a result, ou of operations for any quarter are not indicative of results of operations for any future period or full year.

Our current indebtedness and any future indebtedness could adversely affect us by reducing flexibility to respond to changing business and economic conditions and expose us to interest to the extent of any variable rate debt.

As of December 31, 2015, our total indebtedness was $1.3 billion, of which $0.5 billion is exposed variable interest rates. We also had $1.4 billion of additional borrowing capacity under our revolvin credit which is subject to a variable interest rate. Other debt we incur also could be variable rate deb interest rates increase, our variable rate debt will create higher debt service requirements, which cou adversely affect our results of operations and cash flows.

We have limited restrictions on incurring substantial additional indebtedness in the future. Our curr indebtedness and any future increases in leverage could have adverse consequences on us, includin

- a substantial portion of our cash flow from operations will be required to service interest a principal payments on our debt and will not be available for operations, working capital, ca expenditures, expansion, acquisitions, dividends or general corporate or other purposes;
- our ability to obtain additional financing in the future may be impaired;
- we may be more highly leveraged than our competitors, which may place us at a competiti disadvantage;
- our flexibility in planning for, or reacting to, changes in our business and industry may be and

we may be more vulnerable in the event of a downturn in our business, our industry or the economy in general.

Our ability to make payments on and to refinance our debt will depend on our ability to generate ca future. This, to a certain extent, is subject to general economic, business, financial, competitive, leg regulatory, and other factors that are beyond our control. We cannot assure you that our business w generate

Table of Contents

sufficient cash flow from operations or that future borrowings will be available under our revolving credit in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs. We m need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we w able to refinance any of our debt, including our revolving line of credit and senior notes, on comme reasonable terms or at all.

Servicing our debt requires a significant amount of cash.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our fina condition and operating performance, which is subject to prevailing economic and competitive cond and to certain financial, business, and other factors. We may not be able to maintain a level of cash from operating activities sufficient to permit us to pay the principal and interest on our indebtedness

If our cash flows and capital resources are insufficient to fund our debt service requirements, we ma forced to reduce or delay acquisitions or other investments, or to seek additional capital, or restructu refinance our indebtedness. Our ability to restructure or refinance our debt will depend on the condi the capital markets and our financial condition at such time. In addition, any failure to make payme interest and principal on our outstanding indebtedness on a timely basis would likely result in other defaults, disrupt our operations and cause a reduction of our credit rating, which could further harm ability to finance or refinance our obligations and business operations. These alternative measures m be successful and may not permit us to meet our scheduled debt service obligations.

The value of our common stock may fluctuate.

There has been significant volatility in the market price of securities of healthcare companies gener we believe in many cases has been unrelated to operating performance. In addition, we believe that factors, such as actual and potential legislative and regulatory developments, including announced regulatory investigations, quarterly fluctuations in our actual or anticipated results of operations, lo revenue or earnings than those anticipated by securities analysts, not meeting publicly announced expectations, and general economic and financial market conditions, could cause the price of our co stock to fluctuate substantially.

We may not be able to collect reimbursements for our services from third-party payors in a ti manner.

A significant portion of our net revenue is derived from reimbursements from various third-party pa including GHC Programs, private insurance plans and managed care plans, for services provided by affiliated professional contractors. We are responsible for submitting reimbursement requests to the payors and collecting the reimbursements, and we assume the financial risks relating to uncollectibl delayed reimbursements. In the current healthcare environment, payors continue their efforts to con expenditures for healthcare, including revisions to coverage and reimbursement policies. Due to the of our business and our participation in government-funded and private reimbursement programs, w involved from time to time in inquiries, reviews, audits and investigations by governmental agencie private payors of our business practices, including assessments of our compliance with coding, billi documentation requirements. We may be required to repay these agencies or private payors if a find made that we were incorrectly reimbursed, or we may be subjected to pre-payment reviews, which time-consuming and result in non-payment or delayed payment for the services we provide. We ma experience difficulties in collecting reimbursements because third-party payors may seek to reduce reimbursements to which we are entitled for services that our affiliated physicians have provided. In addition, GHC Programs may deny our application to become a participating provider that could ca not be able to provide services to patients or prohibit us from billing for such services. If we are not reimbursed fully and in a timely manner for such services or there is a finding that we were incorrec reimbursed, our revenue, cash flows and financial condition could be materially, adversely affected

Table of Contents

In addition, adverse economic conditions could affect the timeliness and amounts received from our third-party and government payors which would impact our short-term liquidity needs.

Hospitals or other customers may terminate their agreements with us, our physicians may los ability to provide services in hospitals or administrative fees paid to us by hospitals may be re

Our net revenue is derived primarily from fee-for-service billings for patient care and other services provided by our affiliated physicians and from administrative fees paid to us by hospitals. See Item Business Relationships with Our Partners Hospitals. Our hospital partners or other customers m not renew their contracts with us, may reduce or eliminate our administrative fees in the future, or m pay us our administrative fees if we fail to honor the terms of our agreement. Further, consolidation hospitals, health care systems or other customers could adversely affect our ability to negotiate with entities. Adverse economic conditions, including decreased federal and state funding to hospitals, co influence future actions of our hospital partners or other customers. To the extent that our arrangem with our hospital partners or other customers are canceled, or are not renewed or replaced with othe arrangements having at least as favorable terms, our business, financial condition and results of ope could be adversely affected. In addition, to the extent our affiliated physicians lose their privileges i hospitals or hospitals enter into arrangements with or employ other physicians, our business, financ condition, results of operations and cash flows could be materially, adversely affected.

Hospitals could limit our ability to use our management information systems in our units by requiring us to use their own management information systems.

Our management information systems, including BabySteps® and the Quantum Clinical Navigation Systems® are used to support our day-to-day operations and ongoing clinical research and business If a hospital prohibits us from using our own management information systems, it may interrupt the efficient operation of our information systems which, in turn, may limit our ability to operate impor aspects of our business, including billing and reimbursement as well as research and education initia This inability to use our management information systems at hospital locations may have a material effect on our business, financial condition, results of operations, cash flows and the trading price of securities.

Our industry is already competitive and could become more competitive.

The healthcare industry is highly competitive and subject to continual changes in the methods by w services are provided and the manner in which healthcare providers are selected and compensated. I our operations consist primarily of physician services provided within hospital-based units, we com with other healthcare services companies and physician groups for contracts with hospitals to provi services to patients. We also face competition from hospitals themselves to provide our services. In addition, consolidation within the healthcare industry could strengthen certain competitors that prov services to hospitals and other customers. Companies in other healthcare industry segments, some o have greater financial and other resources than ours, may become competitors in providing neonata anesthesia, maternal-fetal, radiology or other pediatric subspecialty care. Additionally, we face com from healthcare-focused and other private equity firms. We may not be able to continue to compete effectively in this industry, additional competitors may enter metropolitan areas where we operate, a increased competition may have a material adverse effect on our business, financial condition, resul operations, cash flows and the trading price of our securities.

Unfavorable changes or conditions could occur in the states where our operations are concent

A majority of our net revenue in 2015 was generated by our operations in five states. In particular, T accounted for approximately 20% of our net revenue in 2015. See Item 1. Business Geographic C Adverse changes or conditions affecting these particular states, such as healthcare reforms, changes and regulations, reduced Medicaid reimbursements and government investigations, economic condi weather conditions, and natural disasters may have a material adverse effect on our business, financ condition, results of operations, cash flows and the trading price of our securities.

39

Table of Contents

We are dependent upon our key management personnel for our future success.

Our success depends to a significant extent on the continued contributions of our key management personnel, including our Chief Executive Officer, Roger J. Medel, M.D., for the management of our business and implementation of our business strategy. The loss of Dr. Medel or other key management personnel could have a material adverse effect on our business, financial condition, results of operations, cash flows and the trading price of our securities.

Provisions of our articles and bylaws could deter takeover attempts.

Our Amended and Restated Articles of Incorporation authorize our board of directors to issue up to 1,000,000 shares of undesignated preferred stock and to determine the powers, preferences and rights of these shares without shareholder approval. This preferred stock could be issued with voting, liquidation, dividend and other rights superior to those of the holders of common stock. The issuance of preferred under some circumstances could have the effect of delaying, deferring or preventing a change in control. In addition, provisions in our amended and restated articles of incorporation and bylaws, including those relating to calling shareholder meetings, taking action by written consent and other matters, could render more difficult or discourage an attempt to obtain control of MEDNAX through a proxy contest or other solicitation. These provisions could limit the price that some investors might be willing to pay in the future for our shares of common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate office building, which we own, is located in Sunrise, Florida and contains 80,000 square feet of office space. We own an additional office building covering an additional 180,000 square feet for administrative functions in Sunrise, Florida. We also lease space in hospitals and other facilities for our business and medical offices, and other needs. See Note 16 to the Consolidated Financial Statements in this Form 10-K, which is incorporated herein by reference. We believe that our facilities and the equipment used in our business are in good condition, in all material respects, and sufficient for our present needs.

ITEM 3. LEGAL PROCEEDINGS

The information required by this Item is included in and incorporated herein by reference to Item 1. Business of this Form 10-K under Government Investigations and Other Legal Proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

Table of Contents

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLI MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Price Range of Common Stock

Our common stock is traded on the New York Stock Exchange (the NYSE) under the symbol M high and low sales prices for a share of our common stock for each quarter during our last two fisca are set forth below:

	High	Low
2015		
Fourth Quarter	$ 83.20	$ 68.66
Third Quarter	86.09	74.28
Second Quarter	75.63	68.31
First Quarter	74.57	64.12
2014		
Fourth Quarter	$ 67.64	$ 49.82
Third Quarter	60.08	54.16
Second Quarter	64.51	56.13
First Quarter	63.93	52.50

As of January 29, 2016, we had 316 holders of record of our common stock, and the closing sales p that date for our common stock was $69.46 per share. We believe that the number of beneficial own our common stock is greater than the number of record holders because a significant number of sha our common stock is held through brokerage firms in street name.

Dividend Policy

We did not declare or pay any cash dividends on our common stock in 2015 or 2014, nor do we cur intend to declare or pay any cash dividends in the future. The payment of any future dividends will discretion of our Board of Directors and will depend upon, among other things, future earnings, res operations, capital requirements, our general financial condition, general business conditions and contractual restrictions on payment of dividends, if any, as well as such other factors as our Board o Directors may deem relevant. Our credit agreement imposes certain limitations on our ability to dec pay cash dividends. See Item 7. Management s Discussion and Analysis of Financial Condition an of Operations Liquidity and Capital Resources.

Table of Contents

Performance Graph

The following graph compares the cumulative total shareholder return on $100 invested on Decemb
2010 in our common stock against the cumulative total return of the S&P 500 Index, S&P 600 Heal
Index, and the NYSE Composite Index. The returns are calculated assuming reinvestment of divide
graph covers the period from December 31, 2010 through December 31, 2015, and gives effect to a
two-for-one stock split effective December 19, 2013. The stock price performance included in the g
not necessarily indicative of future stock price performance.

The performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this annual report into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this informati reference, and shall not otherwise be deemed filed under such acts.

	Base Period	Years Ending				
Company/Index	**2010**	**2011**	**2012**	**2013**	**2014**	
MEDNAX, Inc.	$ 100.00	$ 107.02	$ 118.19	$ 158.68	$ 196.52	$
S&P 500 Index	$ 100.00	$ 100.27	$ 113.71	$ 147.37	$ 164.16	$
S&P 600 Health Care	$ 100.00	$ 113.75	$ 129.05	$ 200.70	$ 222.61	$
NYSE Composite Index	$ 100.00	$ 93.88	$ 106.01	$ 130.58	$ 136.10	$

Table of Contents

Issuer Purchases of Equity Securities

During the three months ended December 31, 2015, 324,516 shares of our common stock were deli
us in connection with the final settlement of our March 2015 accelerated share repurchase program.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as part of Repurchase Program	Approx Value th May Yet Be Purcha Under the Program
October 1 October 31, 2015	324,516	$ 78.17	324,516	
November 1 November 30, 2015				
December 1 December 31, 2015				
Total	324,516	$ 78.17	324,516	

(a) We have one active repurchase program. Our July 2013 repurchase program allows us to repur
shares of our common stock up to an amount sufficient to offset the dilutive impact from the iss
of shares under our equity compensation programs, which is estimated to be approximately 0.8
shares in 2016. The 0.3 million shares in the table above effectively completed a $600.0 million
repurchase program approved in October 2014. See Note 14 to our Consolidated Financial Stat
in this Form 10-K for additional information on our common stock repurchase programs.

The amount and timing of future repurchases will depend upon several factors, including general ec
and market conditions and trading restrictions.

Recent Sales of Unregistered Equity Securities

During the three months ended December 31, 2015, we did not sell any unregistered shares of our e
securities.

Equity Compensation Plans

Information regarding equity compensation plans is set forth in Item 12 of this Form 10-K and is
incorporated herein by reference.

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA

The following table includes selected consolidated financial data set forth as of and for each of the f years in the period ended December 31, 2015. All share and per share amounts give effect for our two-for-one stock split effective December 19, 2013. The balance sheet data at December 31, 2015 2014, and the income statement data for the years ended December 31, 2015, 2014 and 2013, have b derived from the Consolidated Financial Statements included in this Form 10-K. This selected finan data should be read in conjunction with Management s Discussion and Analysis of Financial Con Results of Operations, and our Consolidated Financial Statements and the related notes included in and 8, respectively, of this Form 10-K (in thousands, except per share and other operating data).

	Years Ended December 31,				
	2015	2014	2013	2012	2
Consolidated Income Statement Data:					
Net revenue (1)	$ 2,779,996	$ 2,438,913	$ 2,154,012	$ 1,816,612	$ 1,5
Operating expenses:					
Practice salaries and benefits	1,753,505	1,543,395	1,361,318	1,130,913	9
Practice supplies and other operating expenses	98,480	89,002	82,388	71,823	
General and administrative expenses	305,915	247,527	218,209	193,540	1
Depreciation and amortization	64,228	45,990	39,966	30,816	
Total operating expenses	2,222,128	1,925,914	1,701,881	1,427,092	1,2
Income from operations	557,868	512,999	452,131	389,520	3
Investment and other income	1,844	2,728	1,696	1,896	
Interest expense	(23,110)	(8,891)	(5,415)	(3,245)	
Equity in earnings of unconsolidated affiliate	3,127	1,780			
Total non-operating expenses	(18,139)	(4,383)	(3,719)	(1,349)	
Income before income taxes	539,729	508,616	448,412	388,171	3
Income tax provision	204,038	191,413	167,895	147,264	1
Net income	335,691	317,203	280,517	240,907	2
Net loss attributable to noncontrolling interests	629	78			
Net income attributable to MEDNAX, Inc.	$ 336,320	$ 317,281	$ 280,517	$ 240,907	$ 2
Per Common and Common Equivalent Share Data:					
Net income attributable to MEDNAX, Inc.:					
Basic	$ 3.61	$ 3.22	$ 2.83	$ 2.47	$
Diluted	$ 3.58	$ 3.18	$ 2.78	$ 2.42	$
Weighted average common shares:					
Basic	93,077	98,588	99,112	97,386	

Diluted	93,960	99,887	100,969	99,382	
Other Operating Data:					
Number of physicians at end of year	3,240	2,625	2,367	2,152	
Number of births	803,311	799,868	790,597	761,698	7
NICU admissions	111,407	108,978	102,099	99,539	
NICU patient days	1,960,768	1,919,579	1,847,577	1,828,605	1,7
Number of anesthesia cases	1,533,089	1,284,149	1,045,794	664,527	4
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 51,572	$ 47,928	$ 31,137	$ 21,280	$
Working capital	98,998	50,779	41,333	9,706	
Total assets	4,547,214	3,608,248	3,008,716	2,750,337	2,2
Total liabilities	2,109,368	1,342,682	665,728	714,969	5
Borrowings under credit facility	533,500	568,000	27,000	144,000	
Senior notes outstanding	750,000				
Total equity	2,437,846	2,265,566	2,342,988	2,035,368	1,7

(1) The increase in net revenue related to acquisitions was approximately $345.7 million, $205.4 mi
$265.0 million, $179.0 million, and $140.1 million for the years ended December 31, 2015, 201
2012 and 2011, respectively.

Table of Contents

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIO RESULTS OF OPERATIONS

The following discussion highlights the principal factors that have affected our financial condition a results of operations as well as our liquidity and capital resources for the periods described. This dis should be read in conjunction with our Consolidated Financial Statements and the related notes incl Item 8 of this Form 10-K. This discussion contains forward-looking statements. Please see the expla note concerning Forward-Looking Statements preceding Part I of this Form 10-K and Item 1A. F Factors for a discussion of the uncertainties, risks and assumptions associated with these forward-lo statements. The operating results for the periods presented were not significantly affected by inflati

OVERVIEW

MEDNAX is a leading provider of physician services including newborn, anesthesia, maternal-feta other pediatric subspecialties. At December 31, 2015, our national network was composed of more 3,240 affiliated physicians, including more than 1,100 physicians who provide neonatal clinical car states and Puerto Rico, primarily within hospital-based neonatal intensive care units (NICUs), to born prematurely or with medical complications. We have over 1,150 affiliated physicians who pro anesthesia care to patients in connection with surgical and other procedures as well as pain manage addition, we have over 255 affiliated physicians who provide maternal-fetal and obstetrical medical expectant mothers experiencing complicated pregnancies primarily in areas where our affiliated neo physicians practice. Our network also includes other pediatric subspecialists, including approximate physicians providing pediatric intensive care, 120 physicians providing pediatric cardiology care, 1 physicians providing hospital-based pediatric care and 20 physicians providing pediatric surgical ca MEDNAX also provides teleradiology services in all 50 states, the District of Columbia and Puerto through a network of more than 350 affiliated radiologists. In addition to our national physician net we provide services to medical providers, including ours, through complementary businesses, consi a revenue cycle management company and a consulting services company.

2015 Acquisition Activity

During the year ended December 31, 2015, we completed 12 acquisitions, of which 10 were physic group practices including seven anesthesiology practices, two neonatology practices and one other p subspecialty practice. The remaining two acquisitions included a radiology physician services and telemedicine company that provides radiology coverage to over 2,100 healthcare companies across states, the District of Columbia and Puerto Rico and a third-party receivables company that speciali third-party revenue recovery on accounts that require heightened expertise, labor and capital and wh provides services to over 260 hospitals nationwide.

Based on our experience, we expect that we can improve the results of all of our acquired physician practices through improved managed care contracting, improved collections, identification of growt initiatives, as well as, operating and cost savings based upon the significant infrastructure that we ha developed. In addition, we expect that the acquisition of the radiology and telemedicine company p us a platform for growth in the radiology market as well as in the broader telemedicine market and further expand our service offerings to our hospital and health system partners. The acquisition of th third-party receivables company was a complementary addition to our existing revenue cycle manag company and will focus on helping our hospital and health system partners navigate the complex, a constantly evolving, regulatory environments in order to maximize revenue.

Senior Notes

On December 8, 2015, we completed a private offering of $750.0 million aggregate principal amou 5.25% senior unsecured notes due 2023 (the 2023 Senior Notes). Our obligations under the 2023 Notes

Table of Contents

are guaranteed on an unsecured senior basis by the same subsidiaries and affiliated professional cor that guarantee our Credit Agreement (as defined below). Interest on the 2023 Senior Notes accrues rate of 5.25% per annum and is payable semi-annually in arrears on June 1 and December 1, beginn June 1, 2016. The net proceeds of approximately $737.5 million, were used to repay a portion of the indebtedness outstanding under our Credit Agreement.

Credit Agreement Expansion

In June 2015, we entered into an amendment to our existing credit agreement dated as of October 2 (as amended, the Credit Agreement), in order to exercise the accordion feature and increase the t revolving loan commitments from $1.3 billion to $1.7 billion. The Credit Agreement currently prov a $1.7 billion unsecured revolving credit facility and a $200 million term loan and includes a $75 m sub-facility for swingline loans and a $37.5 million sub-facility for the issuance of letters of credit. addition, we may further increase the Credit Agreement to up to $2.2 billion on an unsecured basis, to the satisfaction of specified conditions. The other terms of the Credit Agreement remain unchang

Common Stock Repurchase Programs

In July 2013, our board of directors authorized the repurchase of shares of our common stock up to amount sufficient to offset the dilutive impact from the issuance of shares under our equity compen programs. The share repurchase program permits us to make open market purchases from time-to-ti based upon general economic and market conditions and trading restrictions. This repurchase progr expanded to allow for the repurchase of shares of our common stock to offset the dilutive impact fr issuance of shares, if any, related to our acquisition program. No share repurchases were made unde program during the year ended December 31, 2015.

In October 2014, we announced that our board of directors had authorized the repurchase of up to $ million of shares of our common stock in addition to the existing share repurchase program approve July 2013. Under the October share repurchase program, we repurchased approximately 3.4 million of our common stock, inclusive of approximately 0.3 million shares delivered to the Company for f settlement, under an accelerated share repurchase program entered into in December 2014, for approximately $235.1 million during the year ended December 31, 2015. These share repurchases effectively completed the $600.0 million share repurchase program.

We may utilize various methods to effect any future share repurchases made under the remaining pr including, among others, open market purchases and accelerated share repurchase programs. The ar and timing of repurchases will depend upon several factors, including general economic and market conditions and trading restrictions.

2013 Stock Split

In December 2013, we effected a two-for-one stock split of our common stock. All share and per sh amounts presented in this Form 10-K reflect the effect of the two-for-one stock split.

General Economic Conditions

Although economic conditions in the United States have gradually improved, the number of unemp and under-employed workers remains significant. During the year ended December 31, 2015, the percentage of our patient service revenue being reimbursed under government-sponsored or funded healthcare programs (the GHC Programs), increased as compared to the year ended December 3 We could experience additional shifts toward GHC Programs and patient volumes could decline if economic conditions do not continue to improve or if they deteriorate. Payments received from GH Programs are substantially less for equivalent

46

services than payments received from commercial insurance payors. In addition, due to the rising co managed care premiums and patient responsibility amounts, we may experience increased bad debt patients inability to pay for certain services. See Item 1A. Risk Factors, in this Form 10-K for addi discussion on the general economic conditions in the United States and recent developments in the healthcare industry that could affect our business.

Healthcare Reform

The Patient Protection and Affordable Care Act (the ACA) contains a number of provisions that affect us over the next several years. These provisions include the recent establishment of health ins exchanges to facilitate the purchase of qualified health plans, expanding Medicaid eligibility, subsid insurance premiums and creating requirements and incentives for businesses to provide healthcare b the effects of which are unpredictable and complex. Other provisions contain changes to healthcare and abuse laws and expand the scope of the Federal False Claims Act.

The ACA contains numerous other measures that could also affect us. For example, payment modif to be developed that will differentiate payments to physicians under federal healthcare programs ba quality and cost of care. In addition, other provisions authorize voluntary demonstration projects rel the bundling of payments for episodes of hospital care and the sharing of cost savings achieved und Medicare program.

Many of the ACA s most significant reforms, such as the establishment of state-based and federally facilitated insurance exchanges that provide a marketplace for eligible individuals and small employ purchase healthcare insurance, became effective in the beginning of 2014. Following three enrollme periods, the most recent of which ran through January 31, 2016, it has been projected that approxim 10 million people, including new applicants and returning customers, are enrolled. In some cases, th patient responsibility costs related to healthcare plans obtained through the insurance exchanges ma high and could increase in the future, and we may experience increased bad debt due to patients in pay for certain services.

Federal and state agencies are expected to continue to implement provisions of the ACA. However, the complexity and the number of changes expected as a result of the ACA, as well as the implemen timetable and delays for many of them, we cannot predict the ultimate impacts of the ACA as they m be known for several years. The ACA also remains subject to continuing legislative scrutiny, includ efforts by Congress to amend or repeal a number of its provisions as well as administrative actions the effectiveness of key provisions. In addition, there have been lawsuits filed by various stakehold pertaining to the ACA that may have the effect of modifying or altering various parts of the law. As result, we cannot predict with any assurance the ultimate effect of the ACA on our Company, nor ca provide any assurance that its provisions will not have a material adverse effect on our business, fin condition, results of operations, cash flows and the trading price of our securities.

Medicaid to Medicare Payment Parity

In November 2012, the Centers for Medicare & Medicaid Services (CMS) adopted a rule under t that generally allowed physicians who provided eligible primary care services to be paid at the Med reimbursement rates in effect in calendar years 2013 and 2014 instead of state-established Medicaid reimbursement rates that would have been applicable in those years (parity revenue). Federal fun the enhanced Medicaid payments expired for dates of service beyond December 31, 2014. Advocac by various parties continue at both the federal and state legislative levels to continue this program, b date, only a limited number of states have committed to either extend this program, at least in part, limited period of time or increase their pre-parity base Medicaid rates.

During the years ended December 31, 2015, 2014 and 2013, we recognized approximately $12.0 m $65.0 million and $31.2 million, respectively, in parity revenue that contributed approximately $0.0 and $0.10, respectively, to our net income per diluted share, reflecting the impacts from incentive compensation and income taxes.

47

Table of Contents

Medicaid Expansion

The ACA also allows states to expand their Medicaid programs through federal payments that fund the cost of increasing the Medicaid eligibility income limit from a state s historic eligibility levels t of the federal poverty level. As of January 12, 2016, 31 states and the District of Columbia are implementing the expansion of Medicaid eligibility. In addition, a limited number of states have ob waivers from CMS to expand Medicaid eligibility in a manner that is different from that prescribed ACA while still allowing them to access federal matching funds, 16 states have expressed their inte expand Medicaid eligibility, and four states are still considering whether to adopt the Medicaid exp All of the states in which we operate, however, already cover children in the first year of life and pr women if their household income is at or below 133% of the federal poverty level.

Medicare Sequestration

The Budget Control Act of 2011, as amended by the American Taxpayer Relief Act of 2012, requir across-the-board cuts (sequestrations) to Medicare reimbursement rates. These annual reductions average, began in April 2013 and apply to mandatory and discretionary spending in the years 2013 Unless Congress takes action in the future to modify these sequestrations, Medicare reimbursement reduced by 2%, on average, annually. However, this reduction in Medicare reimbursement rates is n expected to have a material adverse effect on our business, financial condition, results of operations flows or the trading price of our securities.

Medicare Fee Schedule and The Medicare Access and CHIP Reauthorization Act of 2015

Historically, Medicare paid for all physician services based upon a national fee schedule that contai list of uniform rates. The fee schedule was adjusted annually based on a complex formula that was l part to the use of services by Medicare beneficiaries and the growth in gross domestic product (the Sustainable Growth Rate formula or SGR). Since 2002, this SGR formula resulted in negative updates for physicians under the fee schedule that grew larger each year, and Congress took repeate legislative action to reverse scheduled payment reductions. In 2015, Congress passed MACRA, wh eliminated the SGR formula and instead provided physicians with a 0.5% increase in Medicare reimbursement from July 2015 through December 2015, and will provide 0.5% annual increases thr 2019 as Medicare transitions to a payment system designed to reward physicians for the quality of c provided, rather than the quantity of procedures performed. Beginning in 2019, MACRA is intende provide increased Medicare reimbursement for physicians who excel in meeting certain quality and metrics and to reduce Medicare reimbursement for physicians who are underperforming against tho metrics. Physicians who are meaningful participants in alternative payment models will receive bon payments pursuant to the law. Regulations interpreting MACRA are expected to be forthcoming ov next several years, and we will assess MACRA s impact on our operations as these regulations are

On October 30, 2015, CMS issued a final rule that updates payment policies, payment rates and qua provisions for services furnished under the Medicare fee schedule on or after January 1, 2016. CMS finalized several new policies as well as finalized changes to several of the quality reporting initiati are associated with physician services payments. At this time we cannot predict the effect that the fi will have on us, nor can we provide any assurance that its provisions will not have a material advers on our business, financial condition, results of operations, cash flows and the trading price of our se

Geographic Coverage

During 2015, 2014 and 2013, approximately 54%, 55% and 58%, respectively, of our net revenue w generated by operations in our five largest states. During 2015, 2014 and 2013, our five largest state consisted of Texas, North Carolina, Georgia, Tennessee and Florida. During 2015, 2014 and 2013, operations in Texas accounted for approximately 20%, 21% and 22%, respectively, of our net rever

48

Table of Contents

Payor Mix

We bill payors for professional services provided by our affiliated physicians to our patients based u rates for specific services provided. Our billed charges are substantially the same for all parties in a particular geographic area regardless of the party responsible for paying the bill for our services. W determine our net revenue based upon the difference between our gross fees for services and our est ultimate collections from payors. Net revenue differs from gross fees due to (i) managed care paym contracted rates, (ii) GHC Program reimbursements at government-established rates, (iii) various reimbursement plans and negotiated reimbursements from other third-parties, and (iv) discounted a uncollectible accounts of private-pay patients.

Our payor mix is composed of contracted managed care, government, principally Medicare and Me other third-parties and private-pay patients. We benefit from the fact that most of the medical servic provided in the NICU are classified as emergency services, a category typically classified as a cove service by managed care payors.

The following is a summary of our payor mix, expressed as a percentage of net revenue, exclusive o administrative fees and revenue related to our non-practice service offerings, for the periods indicat

	Years Ended December 31,		
	2015	2014	2013
Contracted managed care	70%	68%	69%
Government	23%	25%	24%
Other third-parties	6%	5%	5%
Private-pay patients	1%	2%	2%
	100%	100%	100%

The payor mix shown in the table above is not necessarily representative of the amount of services p to patients covered under these plans. For example, the gross amount billed to patients covered und government programs for the years ended December 31, 2015, 2014 and 2013 represented approxim 55%, 54% and 54%, respectively, of our total gross patient service revenue. These percentages of g revenue and the percentages of net revenue provided in the table above include the payor mix impa acquisitions completed through December 31, 2015. On a same-unit basis, however, the gross amou billed to patients covered under government programs for the years ended December 31, 2015, 201 2013 represented approximately 56%, 55% and 55%, respectively, of our total gross patient service revenue. Same units are those units at which we provided services for the entire current period and entire comparable period.

Quarterly Results

We have historically experienced and expect to continue to experience quarterly fluctuations in net and net income. These fluctuations are primarily due to the following factors:

There are fewer calendar days in the first and second quarters of the year, as compared to t and fourth quarters of the year. Because we provide services in NICUs on a 24-hours-a-day 365 days a year, any reduction in service days will have a corresponding reduction in net re

The majority of physician services provided by our office-based and anesthesia practices c office visits and scheduled procedures that occur during business hours. As a result, volum

those practices fluctuate based on the number of business days in each calendar quarter.

A significant number of our employees and our associated professional contractors, primar
physicians, exceed the level of taxable wages for social security during the first and second
quarters of the year. As a result, we incur a significantly higher payroll tax burden and our
income is lower during those quarters.

Table of Contents

We have significant fixed operating costs, including physician compensation, and, as a result, are hi dependent on patient volume and capacity utilization of our affiliated professional contractors to su profitability. Additionally, quarterly results may be affected by the timing of acquisitions and fluctu in patient volume. As a result, the operating results for any quarter are not necessarily indicative of for any future period or for the full year. Our unaudited quarterly results are presented in further det Note 17 to our Consolidated Financial Statements in this Form 10-K.

Application of Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted United States (GAAP) requires estimates and assumptions that affect the reporting of assets, liab revenue and expenses, and the disclosure of contingent assets and liabilities. Note 2 to our Consolid Financial Statements provides a summary of our significant accounting policies, which are all in ac with GAAP. Certain of our accounting policies are critical to understanding our Consolidated Finan Statements because their application requires management to make assumptions about future results depends to a large extent on management s judgment, because past results have fluctuated and are to continue to do so in the future.

We believe that the application of the accounting policies described in the following paragraphs is h dependent on critical estimates and assumptions that are inherently uncertain and highly susceptible change. For all of these policies, we caution that future events rarely develop exactly as estimated, a best estimates routinely require adjustment. On an ongoing basis, we evaluate our estimates and assumptions, including those discussed below.

Revenue Recognition

We recognize patient service revenue at the time services are provided by our affiliated physicians. all of our patient service revenue is reimbursed by GHC Programs and third-party insurance payors Payments for services rendered to our patients are generally less than billed charges. We monitor ou revenue and receivables from these sources and record an estimated contractual allowance to prope account for the anticipated differences between billed and reimbursed amounts. Accordingly, patien service revenue is presented net of an estimated provision for contractual adjustments and uncollect Management estimates allowances for contractual adjustments and uncollectibles on accounts recei based upon historical experience and other factors, including days sales outstanding (DSO) for a receivable, evaluation of expected adjustments and delinquency rates, past adjustments and collecti experience in relation to amounts billed, an aging of accounts receivable, current contract and reimbursement terms, changes in payor mix and other relevant information. Contractual adjustment from the difference between the physician rates for services performed and the reimbursements by Programs and third-party insurance payors for such services. The evaluation of these historical and factors involves complex, subjective judgments. On a routine basis, we compare our cash collection recorded net patient service revenue and evaluate our historical allowance for contractual adjustmen uncollectibles based upon the ultimate resolution of the accounts receivable balance. These procedu completed regularly in order to monitor our process of establishing appropriate reserves for contrac adjustments. We have not recorded any material adjustments to prior period contractual adjustment uncollectibles in the years ended December 31, 2015, 2014 or 2013.

DSO is one of the key factors that we use to evaluate the condition of our accounts receivable and t related allowances for contractual adjustments and uncollectibles. DSO reflects the timeliness of ca collections on billed revenue and the level of reserves on outstanding accounts receivable. Any sign change in our DSO results in additional analyses of outstanding accounts receivable and the associa reserves. We calculate our DSO using a three-month rolling average of net revenue. Our net revenu income and operating cash flows may be materially and adversely affected if actual adjustments and uncollectibles exceed management s estimated provisions as a result of changes in these factors. A December 31, 2015, our DSO was 55.2 days. We had approximately $1.6 billion in gross accounts receivable outstanding at December 31, 2015, and

50

considering this outstanding balance, based on our historical experience, a reasonably likely change to 1.50% in our estimated collection rate would result in an impact to net revenue of approximately million to $23.6 million. The impact of this change does not include adjustments that may be requir result of audits, inquiries and investigations from government authorities and agencies and other thi payors that may occur in the ordinary course of business. See Note 16 to our Consolidated Financia Statements in this Form 10-K.

Professional Liability Coverage

We maintain professional liability insurance policies with third-party insurers generally on a claims basis, subject to self-insured retention, exclusions and other restrictions. Our self-insured retention u our professional liability insurance program is maintained primarily through a wholly owned captiv insurance subsidiary. We record liabilities for self-insured amounts and claims incurred but not repo based on an actuarial valuation using historical loss information, claim emergence patterns and vari actuarial assumptions. Liabilities for claims incurred but not reported are not discounted. The avera period from the date a claim is reported to the date it reaches final settlement is approximately four although the facts and circumstances of individual claims could result in lag periods that vary from average. Our actuarial assumptions incorporate multiple complex methodologies to determine the b liability estimate for claims incurred but not reported and the future development of known claims, including methodologies that focus on industry trends, paid loss development, reported loss develop and industry-based expected pure premiums. The most significant assumptions used in the estimatio process include the use of loss development factors to determine the future emergence of claim liab the use of frequency and trend factors to estimate the impact of economic, judicial and social chang affecting claim costs, and assumptions regarding legal and other costs associated with the ultimate settlement of claims. The key assumptions used in our actuarial valuations are subject to constant adjustments as a result of changes in our actual loss history and the movement of projected emergen patterns as claims develop. We evaluate the need for professional liability insurance reserves in exc amounts estimated in our actuarial valuations on a routine basis, and as of December 31, 2015, base historical experience, a reasonably likely change of 4% to 6% in our estimates would result in an in or decrease to net income of approximately $2.3 million to $4.2 million. However, because many fa can affect historical and future loss patterns, the determination of an appropriate professional liabili reserve involves complex, subjective judgment, and actual results may vary significantly from estim

Goodwill

We record acquired assets, including identifiable intangible assets and liabilities at their respective f values, recording to goodwill the excess of cost over the fair value of the net assets acquired. We te goodwill for impairment at a reporting unit level on an annual basis. The testing for impairment is completed using a two-step test. The first step compares the fair value of a reporting unit with its ca amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, a seco is performed to determine the amount of any impairment loss. We use income and market-based va approaches to determine the fair value of our reporting units. These approaches focus on discounted flows and market multiples based on our market capitalization to derive the fair value of a reporting We also consider the economic outlook for the healthcare services industry and various other factor the testing process, including hospital and physician contract changes, local market developments, c in third-party payor payments, and other publicly available information.

Uncertain Tax Positions

We account for uncertainty in income taxes in accordance with the accounting guidance for uncerta positions. This guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax retur also requires policy disclosures regarding penalties and interest and disclosures regarding increases decreases in uncertain

51

Table of Contents

tax positions as a result of tax positions taken in a current or prior period, settlements with taxing au and any lapse of an applicable statute of limitations. Additional qualitative discussion is required fo position that may result in a significant increase or decrease in uncertain tax positions within a 12-m period from our reporting date. Accounting for uncertain tax positions under this guidance requires significant judgment and analyses as well as assumptions about future events. Future changes to ou analyses and assumptions related to uncertain tax positions may have a material impact on our Cons Financial Statements.

Other Matters

Other significant accounting policies, not involving the same level of measurement uncertainties as discussed above, are nevertheless important to an understanding of our Consolidated Financial Stat For example, our Consolidated Financial Statements are presented on a consolidated basis with our affiliated professional contractors because we or one of our subsidiaries have entered into managem agreements with our affiliated professional contractors meeting the controlling financial interest forth in accounting guidance for consolidations. Our management agreements are further described 2 to our Consolidated Financial Statements in this Form 10-K. The policies described in Note 2 ofte require difficult judgments on complex matters that are often subject to multiple sources of authorit guidance and are frequently reexamined by accounting standards setters and regulators. See New Accounting Pronouncements below for matters that may affect our accounting policies in the futu

Non-GAAP Measures

In our analysis of our results of operations, we use certain non-GAAP financial measures. Earnings interest, taxes and depreciation and amortization (EBITDA) consists of net income attributable t MEDNAX, Inc. before interest expense, net, income tax provision and depreciation and amortizatio Adjusted earnings per common share (Adjusted EPS) consists of diluted net income attributable MEDNAX, Inc. per common and common equivalent share adjusted for amortization expense and stock-based compensation expense.

We believe these measures, in addition to income from operations, net income attributable to MED Inc. and diluted net income attributable to MEDNAX, Inc. per common and common equivalent sh provide investors with useful supplemental information to compare and understand our underlying trends and performance across reporting periods on a consistent basis. These measures should be co a supplement to, and not a substitute for, financial performance measures determined in accordance GAAP. In addition, since these non-GAAP measures are not determined in accordance with GAAP are susceptible to varying calculations and may not be comparable to other similarly titled measures other companies.

For a reconciliation of each of EBITDA and Adjusted EPS to the most directly comparable GAAP measures for the years ended December 31, 2015, 2014 and 2013, refer to the tables below (in thou except per share data). In addition, historical reconciliations of EBITDA and Adjusted EPS are avai our Internet website at www.mednax.com under the Investors tab. Our Internet website and the info contained therein or connected thereto are not incorporated into or deemed a part of this Form 10-K

	Years Ended December 31,		
	2015	2014	2013
Net income attributable to MEDNAX, Inc.	$ 336,320	$ 317,281	$ 280,517
Interest expense, net (1)	18,139	4,383	3,719
Income tax provision	204,038	191,413	167,895
Depreciation and amortization	64,228	45,990	39,966
EBITDA	$ 622,725	$ 559,067	$ 492,097

(1) Interest expense, net is composed of interest expense, investment and other income and equity i
earnings of unconsolidated affiliate.

Table of Contents

	Years Ended December 31,				
	2015		2014		2013
Weighted average diluted shares outstanding	93,960		99,887		100,9
Net income and diluted net income per share attributable to MEDNAX, Inc.	$ 336,320	$ 3.58	$ 317,281	$ 3.18	$ 280,517
Adjustments:					
Amortization (net of tax of $15,876, $11,403 and $9,135)	26,170	0.28	18,901	0.19	15,264
Stock-based compensation (net of tax of $12,132, $11,936 and $11,714)	19,997	0.21	19,783	0.19	19,574
Adjusted net income and EPS	$ 382,487	$ 4.07	$ 355,965	$ 3.56	$ 315,355

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain information related to our operation expressed as a percentage of our net revenue:

	Years Ended December 31,		
	2015	2014	2013
Net revenue	100.0%	100.0%	100.0%
Operating expenses:			
Practice salaries and benefits	63.1	63.3	63.2
Practice supplies and other operating expenses	3.5	3.7	3.8
General and administrative expenses	11.0	10.1	10.1
Depreciation and amortization	2.3	1.9	1.9
Total operating expenses	79.9	79.0	79.0
Income from operations	20.1	21.0	21.0
Non-operating expense, net	0.7	0.1	0.2
Income before income taxes	19.4	20.9	20.8
Income tax provision	7.3	7.9	7.8
Net income	12.1%	13.0%	13.0%

Year Ended December 31, 2015 as Compared to Year Ended December 31, 2014

Our net revenue increased $341.1 million, or 14.0%, to $2.78 billion for the year ended December 3 as compared to $2.44 billion for 2014. Of this $341.1 million increase, $345.7 million, or 14.2%, w attributable to revenue generated from acquisitions completed after December 31, 2013. This increa partially offset by a decrease in same-unit net revenue of $4.6 million, or 0.2%, for the year ended December 31, 2015. Same units are those units at which we provided services for the entire current and the entire comparable period. The change in same-unit net revenue was the result of a net decre approximately $39.6 million, or 1.7%, related to net reimbursement-related factors, offset by an inc revenue of $35.0 million, or 1.5%, from patient service volumes. The net decrease in revenue of $3 million related to net reimbursement-related factors was primarily due to the unfavorable impact fr reduction in parity revenue recorded during the year ended December 31, 2015, as compared to the ended December 31, 2014, and a decrease in revenue caused by an increase in the percentage of ou patients being enrolled in GHC Programs, partially offset by continued modest improvements in ma care contracting. The increase in revenue of $35.0 million from patient service volumes was primar

related to growth in our hospital-based neonatology and other pediatric services and anesthesiology as well as in our office-based maternal-fetal medicine services, partially offset by a decrease in our office-based pediatric cardiology services. Excluding the unfavorable impact of the $53.0 million

decrease in parity revenue, from $65.0 million for the year ended December 31, 2014 as compared t
million for the year ended December 31, 2015, our same-unit revenue increased $48.4 million, or 2
which revenue related to net-reimbursement related factors increased by $13.4 million, or 0.6%. We
that excluding the unfavorable impact from the decrease in parity revenue year over year provides a
comparable view of our changes in same-unit revenue.

Practice salaries and benefits increased $210.1 million, or 13.6%, to $1.75 billion for the year ended
December 31, 2015, as compared to $1.54 billion for 2014. This $210.1 million increase was prima
attributable to increased costs associated with new physicians and other staff to support acquisition-
growth and growth at existing units, of which $207.1 million was related to salaries and $3.0 millio
related to benefits and incentive compensation.

Practice supplies and other operating expenses increased $9.5 million, or 10.7%, to $98.5 million fo
year ended December 31, 2015, as compared to $89.0 million for 2014. The increase was attributab
practice supply, rent and other costs related to our acquisitions, primarily our non-physician service
businesses.

General and administrative expenses include all billing and collection functions and all other salarie
benefits, supplies and operating expenses not specifically related to the day-to-day operations of ou
physician practices and services, as well as those attributable to our non-physician service businesse
General and administrative expenses increased $58.4 million, or 23.6%, to $305.9 million for the ye
ended December 31, 2015, as compared to $247.5 million for 2014. The increase of $58.4 million is
attributable to the overall growth of the Company including acquisition-related growth. General and
administrative expenses as a percentage of net revenue was 11.0% for the year ended December 31,
as compared to 10.1% for the same period in 2014. The increase of 85 basis points was driven by th
acquisitions, primarily our non-practice physician services and our non-physician service businesse

Depreciation and amortization expense increased $18.2 million, or 39.7%, to $64.2 million for the y
ended December 31, 2015, as compared to $46.0 million for 2014. The increase was primarily attrib
to the amortization of intangible assets related to acquisitions.

Income from operations increased $44.9 million, or 8.8%, to $557.9 million for the year ended
December 31, 2015, as compared to $513.0 million for 2014. Our operating margin was 20.1% for t
ended December 31, 2015, as compared to 21.0% for 2014. The decrease of 96 basis points was pri
due to the variability in margins related to the mix of acquisitions completed after December 31, 20
well as lower same-unit revenue growth resulting from lower parity revenue.

Net non-operating expenses were $18.1 million for the year ended December 31, 2015, as compared
million for 2014. The net increase in non-operating expenses was primarily related to an increase in
expense due to higher outstanding borrowings under our Credit Agreement and interest expense rela
our 2023 Senior Notes, partially offset by an increase in equity in earnings of an unconsolidated aff
The year ended December 31, 2014 also included other income related to the favorable settlement o
litigation.

Our effective income tax rate was 37.8% and 37.6%, respectively, for the years ended December 31
and 2014.

Net income attributable to MEDNAX, Inc. increased by 6.0% to $336.3 million for the year ended
December 31, 2015, as compared to $317.3 million for 2014. EBITDA increased by 11.4% to $622
million for the year ended December 31, 2015, as compared to $559.1 million for 2014.

Diluted net income attributable to MEDNAX, Inc. per common and common equivalent share incre
12.6% to $3.58 on weighted average shares outstanding of 94.0 million for the year ended Decembe
2015, as

54

compared to $3.18 on weighted average shares outstanding of 99.9 million for 2014. Adjusted EPS increased 14.3% to $4.07 for the year ended December 31, 2015, as compared to $3.56 for 2014. Th decrease of 5.9 million in weighted average shares outstanding is primarily due to the impact of sha repurchased under our repurchase programs, partially offset by the exercise of employee stock optio vesting of restricted and deferred stock and the issuance of shares under our 1996 Non-Qualified Em Stock Purchase Plan, as amended and restated (the ESPP).

Year Ended December 31, 2014 as Compared to Year Ended December 31, 2013

Our net revenue increased $284.9 million, or 13.2%, to $2.44 billion for the year ended December 3 as compared to $2.15 billion for 2013. Of this $284.9 million increase, $205.4 million, or 9.4%, wa attributable to revenue generated from acquisitions completed after December 31, 2012. Same-unit revenue increased $79.5 million, or 3.8%, for the year ended December 31, 2014. Same units are th at which we provided services for the entire current period and the entire comparable period. The ch same-unit net revenue was the result of an increase in revenue of approximately $47.2 million, or 2. related to net reimbursement-related factors and a net increase of $32.3 million, or 1.5%, from high overall patient service volumes. The net increase in revenue of $47.2 million related to reimbursement-related factors was primarily due to the favorable impact from the parity revenue rec continued improvements in managed care contracting and the flow through of revenue from modest increases. The increase in revenue of $32.3 million from higher patient service volumes includes in in our anesthesiology, neonatology and other pediatric services, primarily newborn nursery services partially offset by declines in our maternal-fetal medicine and pediatric cardiology services.

Practice salaries and benefits increased by $182.1 million, or 13.4%, to $1.54 billion for the year en December 31, 2014, as compared to $1.36 billion for 2013. This $182.1 million increase was prima attributable to increased costs associated with new physicians and other staff to support acquisition- growth and growth at existing units, of which $135.8 million was related to salaries and $46.3 milli related to benefits and incentive compensation.

Practice supplies and other operating expenses increased $6.6 million, or 8.0%, to $89.0 million for ended December 31, 2014, as compared to $82.4 million for 2013. The increase was primarily attrib to practice supply, rent and other costs related to our acquisitions.

General and administrative expenses include all billing and collection functions and all other salarie benefits, supplies and operating expenses not specifically related to the day-to-day operations of ou physician group practices and those attributable to our non-practice service offerings. General and administrative expenses increased $29.3 million, or 13.4%, to $247.5 million for the year ended December 31, 2014, as compared to $218.2 million for 2013. This increase of $29.3 million is attrib to the overall growth of the Company including acquisition-related growth. General and administrat expenses as a percentage of net revenue were 10.1% for the years ended December 31, 2014 and 20

Depreciation and amortization expense increased by $6.0 million, or 15.1%, to $46.0 million for the ended December 31, 2014, as compared to $40.0 million for 2013. The increase was primarily attrib to the amortization of intangible assets related to acquisitions.

Income from operations increased $60.9 million, or 13.5%, to $513.0 million for the year ended December 31, 2014, as compared to $452.1 million for 2013. Our operating margin was 21.0% for ended December 31, 2014 and 2013.

Net non-operating expenses were $4.4 million for the year ended December 31, 2014, as compared million for 2013. The net increase in non-operating expenses was primarily related to increases in in expense due to higher outstanding borrowings under our Credit Agreement and market value adjust the investments underlying our deferred compensation arrangements, partially offset by equity in ea of an

55

unconsolidated affiliate, the favorable impact from a settlement of litigation during the first quarter decrease in accretion expense. Interest expense consists of interest charges, commitment fees and a debt costs related to our Credit Agreement and accretion expense related to our contingent consider liabilities.

Our effective income tax rate was 37.6% for the year ended December 31, 2014, as compared to 37 2013.

Net income attributable to MEDNAX, Inc. increased by 13.1% to $317.3 million for the year ended December 31, 2014, as compared to $280.5 million for 2013.

Diluted net income attributable to MEDNAX, Inc. per common and common equivalent share was weighted average shares outstanding of 99.9 million for the year ended December 31, 2014, as com $2.78 on weighted average shares outstanding of 101.0 million for 2013. Adjusted EPS increased 1 $3.56 for the year ended December 31, 2014, as compared to $3.12 for 2013. The decrease of 1.1 m our weighted average shares outstanding during 2014 is primarily due to the impact of shares repur under our repurchase programs, partially offset by the exercise of employee stock options, the vesti restricted and deferred stock and the issuance of shares under our ESPP.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2015, we had $51.6 million of cash and cash equivalents on hand as compared million at December 31, 2014. Additionally, we had working capital of $99.0 million at December 2015, an increase of $48.2 million from our working capital of $50.8 million at December 31, 2014 Working capital at December 31, 2015 was impacted by our early adoption of certain accounting gu that requires all deferred taxes to be classified as long-term. We adopted this guidance prospectively accordingly, our current assets balance as of December 31, 2015 does not include deferred income t but our current assets balance as of December 31, 2014 includes $46.0 million of deferred income t The remaining increase in working capital is primarily due to the net proceeds related to our 2023 S Notes, 2015 earnings, an increase in our long-term deferred tax liabilities and proceeds from the iss common stock under our stock incentive plan and ESPP, offset by the use of funds for acquisitions repurchases of our common stock.

We generated cash flow from operating activities of $368.7 million, $422.6 million and $405.4 mill the years ended December 31, 2015, 2014 and 2013, respectively. The net decrease of $53.9 million flow provided from operating activities for the year ended December 31, 2015, as compared to the ended December 31, 2014, was primarily due to a net decrease in cash flow related to changes in th components of our accounts payable and accrued expenses, consisting primarily of higher incentive compensation payments made in 2015 resulting from increases in parity revenue during 2014 and a accrued incentive compensation liability at December 31, 2015 resulting from lower parity revenue 2015, partially offset by improved operating results.

During the year ended December 31, 2015, accounts receivable increased by $92.5 million, as comp an increase of $66.8 million for 2014. The increases in accounts receivable are primarily due to high accounts receivable balances related to acquisitions as well as increases at our existing units.

Our accounts receivable are principally due from managed care payors, government payors, and oth third-party insurance payors. We track our collections from these sources, monitor the age of our ac receivable, and make all reasonable efforts to collect outstanding accounts receivable through our sy processes and personnel at our corporate and regional billing and collection offices. We use custom collection practices, including the use of outside collection agencies, for accounts receivable due fr private pay patients when appropriate. Almost all of our accounts receivable adjustments consist of contractual adjustments due to the difference between gross amounts billed and the amounts allowe payors. Any amounts written off related to private pay patients are based on the specific facts and circumstances related to each individual patient account.

56

Table of Contents

Days sales outstanding (DSO) is one of the key factors that we use to evaluate the condition of o receivable and the related allowances for contractual adjustments and uncollectibles. DSO reflects t timeliness of cash collections on billed revenue and the level of reserves on outstanding accounts receivable. Our DSO was 55.2 days at December 31, 2015 as compared to 49.8 days at December 3 The change in our DSO resulted primarily from increases in accounts receivable related to acquisiti well as at our existing units, including short-term impacts from coding personnel shortages that cau increase in unbilled charges. See Application of Critical Accounting Policies and Estimates Reven Recognition for more information on our DSO.

Our cash flow from operating activities is significantly affected by the payment of physician incenti compensation. A large majority of our affiliated physicians participate in our performance-based in compensation program and almost all of the payments due under the program are made annually in quarter. As a result, we typically experience negative cash flow from operations in the first quarter year and fund our operations during this period with cash on hand or funds borrowed under our Cre Agreement. In addition, during the first quarter of each year, we use cash to make any discretionary matching contributions for participants in our qualified contributory savings plans.

Cash flow provided from operating activities for the year ended December 31, 2014 was affected by increase in cash flow related to improved operating results, changes in the components of our accou payable and accrued expenses, consisting primarily of a higher accrued incentive compensation liab partially offset by a reduction in cash flow related to higher accounts receivable balances. Cash flow provided from operating activities for the year ended December 31, 2013 was affected by a net incr cash flow related to improved operating results, changes in the components of our accounts payable accrued expenses, consisting primarily of a higher accrued incentive compensation liability.

During the year ended December 31, 2015, our net cash used in investing activities of $848.0 millio included acquisition payments of $818.9 million, capital expenditures of $27.1 million and net purc investments of $2.0 million. Our acquisition payments were related to the purchase of 10 physician practices and two complementary services businesses, consisting of a leading radiology physician s and telemedicine company and a third-party receivables company. Our capital expenditures were fo computer equipment, medical equipment, leasehold and other improvements, software and furniture fixtures at our corporate and regional offices and our office-based practices.

During the year ended December 31, 2015, our net cash provided from financing activities of $482. million consisted primarily of proceeds from our 2023 Senior Notes of $750.0 million, proceeds fro exercise of employee stock options and the issuance of common stock under our ESPP of $20.1 mil excess tax benefits related to the exercise of employee stock options and the vesting of restricted an deferred stock of $11.6 million, partially offset by the repurchase of $235.1 million of our common net payments on our Credit Agreement of $34.5 million, payments for financing costs of $14.2 mill the payment of $12.9 million for contingent consideration liabilities.

Our Credit Agreement provides for a $1.7 billion unsecured revolving credit facility and a $200.0 m term loan and includes a $75.0 million sub-facility for swingline loans and a $37.5 million sub-facil the issuance of letters of credit. We may increase the Credit Agreement to up to $2.2 billion on an unsecured basis, subject to the satisfaction of specified conditions. The Credit Agreement matures i October 2019 and is guaranteed by substantially all of our subsidiaries and affiliated professional contractors. At our option, borrowings under the Credit Agreement (other than swingline loans) wil interest at (i) the Alternate Base Rate (defined as the highest of (a) the prime rate, (b) the Federal Fu Rate plus 1/2 of 1.00% and (c) LIBOR for an interest period of one month plus 1.00%) plus an appl margin rate ranging from 0.125% to 0.750% based on our consolidated leverage ratio or (ii) the LIB plus an applicable margin rate ranging from 1.125% to 1.750% based on our consolidated leverage Swingline loans will bear interest at the Alternate Base Rate plus the applicable margin. The Credit Agreement also calls for other customary fees and charges,

Table of Contents

including an unused commitment fee ranging from 0.150% to 0.300% of the unused lending commi based on the our consolidated leverage ratio. The Credit Agreement contains customary covenants a restrictions, including covenants that require us to maintain a minimum interest coverage ratio, not t exceed a specified consolidated leverage ratio and to comply with laws. The Credit Agreement perm to pay dividends and make certain other distributions, subject to limitations specified therein. Failur comply with these covenants would constitute an event of default under the Credit Agreement, notwithstanding the ability of the company to meet its debt service obligations. The Credit Agreeme includes various customary remedies for the lenders following an event of default, including the acceleration of repayment of outstanding amounts under the Credit Agreement.

On December 8, 2015, we completed a private offering of $750.0 million aggregate principal amou 2023 Senior Notes. The Company s obligations under the 2023 Senior Notes are guaranteed on an senior basis by the same subsidiaries and affiliated professional contractors that guarantee the Credi Agreement. Interest on the 2023 Senior Notes accrues at the rate of 5.25% per annum, or $39.4 mill is payable semi-annually in arrears on June 1 and December 1, beginning on June 1, 2016.

The indenture under which the 2023 Senior Notes are issued, among other things, limits our ability (1) incur liens and (2) enter into sale and lease-back transactions, and also limits our ability to merg dispose of all or substantially all of our assets, in all cases, subject to a number of customary except Although we are not required to make mandatory redemption or sinking fund payments with respec 2023 Senior Notes, upon the occurrence of a change in control of MEDNAX, we may be required t repurchase the 2023 Senior Notes at a purchase price equal to 101% of the aggregate principal amo the 2023 Senior Notes repurchased plus accrued and unpaid interest.

At December 31, 2015, we had an outstanding principal balance of $533.5 million on our Credit Agreement, composed of $343.5 million under our revolving line of credit and a $190.0 million ter We also had outstanding letters of credit of $0.2 million which reduced the amount available on our Agreement to $1.4 billion at December 31, 2015.

At December 31, 2015, we believe we were in compliance, in all material respects, with the financi covenants and other restrictions applicable to us under the Credit Agreement and the 2023 Senior N

The exercise of employee stock options and the purchase of common stock by employees participat our ESPP generated cash proceeds of $20.1 million, $42.9 million and $28.7 million for the years e December 31, 2015, 2014 and 2013, respectively. Because stock option exercises and purchases un ESPP and our newly authorized stock purchase plan (SPP) are dependent on several factors, incl market price of our common stock, we cannot predict the timing and amount of any future proceeds

We maintain professional liability insurance policies with third-party insurers, subject to self-insure retention, exclusions and other restrictions. We self-insure our liabilities to pay self-insured retentio amounts under our professional liability insurance coverage through a wholly owned captive insura subsidiary. We record liabilities for self-insured amounts and claims incurred but not reported base actuarial valuation using historical loss information, claim emergence patterns and various actuarial assumptions. Our total liability related to professional liability risks at December 31, 2015 was $20 million, of which $26.0 million is classified as a current liability within accounts payable and accru expenses in the Consolidated Balance Sheet.

We anticipate that funds generated from operations, together with our current cash on hand and fun available under our Credit Agreement, will be sufficient to finance our working capital requirement anticipated acquisitions and capital expenditures, fund our share repurchase programs and meet our contractual obligations as described below for at least the next 12 months.

Table of Contents

CONTRACTUAL OBLIGATIONS

At December 31, 2015, we had certain obligations and commitments under our Credit Agreement, 2
Senior Notes, capital leases and operating leases totaling approximately $1.7 billion as follows (in
thousands):

		Payments Due			
Obligation	**Total**	**2016**	**2017 and 2018**	**2019 and 2020**	**an**
Credit Agreement (1)	$ 580,463	$ 22,839	$ 74,633	$ 482,991	$
Senior Notes (1)	1,061,656	39,375	78,750	78,750	8
Capital leases	4,299	1,883	2,370	46	
Operating leases	101,761	29,856	40,901	19,093	
	$ 1,748,179	$ 93,953	$ 196,654	$ 580,880	$ 8

(1) Amounts include interest payments at the applicable rate as of December 31, 2015 and assume
amount outstanding under our revolving line of credit as of December 31, 2015 will be paid on
maturity date, amounts outstanding under our term loan as of December 31, 2015 will be paid
according to the principal payment schedule and amounts outstanding under our Senior Notes v
paid on their maturity date of December 1, 2023.

Certain of our acquisition agreements contain contingent consideration provisions based on volume
other performance measures over an up to five-year period. Potential payments under these provisio
not contingent upon the future employment of the sellers. As of December 31, 2015, cash payments
$26.2 million may be due through 2019 under all contingent consideration provisions as follows (in
thousands):

2016	$ 11,833
2017	6,199
2018	6,399
2019	1,800
	$ 26,231

At December 31, 2015, our total liability for uncertain tax positions was $27.7 million, of which $7
million is included within accounts payable and other, with the remainder included within other liab
on our Consolidated Balance Sheets. The timing and amount of future cash flows for each year bey
2015 cannot be reasonably estimated. See Note 11 to our Consolidated Financial Statements in this
10-K for more information regarding our uncertain tax positions.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2015, we did not have any off-balance sheet arrangements that have or are reason
likely to have a current or future effect on our financial condition, changes in financial condition, re
or expenses, results of operations, liquidity, capital expenditures or capital resources.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In November 2015, the accounting guidance related to deferred income tax assets and liabilities wa amended to require that such amounts be presented in the balance sheet as noncurrent rather than se deferred income tax assets and liabilities into current and noncurrent amounts. This guidance may b applied either prospectively to all deferred tax assets and liabilities as of year-end 2015 or retrospec all periods presented. As permitted, we adopted this guidance prospectively as of December 31, 201 change in accounting principle.

Table of Contents

In March 2015, the accounting guidance related to the presentation of debt issuance costs was amen require that such costs be presented in the balance sheet as a direct deduction from the carrying amo the related debt liability but does not change the recognition and measurement requirements for deb issuance costs. In June 2015, it was clarified that debt issuance costs related to revolving lines of cr were excluded from this guidance and that a company would be responsible for adopting an accoun policy for the presentation of such costs, including treating such costs as an amortizable asset. This guidance is required to be adopted retrospectively to all periods presented. As permitted, we adopte guidance as of December 31, 2015 as a change in accounting principle applied retrospectively to all presented.

NEW ACCOUNTING PRONOUNCEMENTS

In September 2015, the accounting guidance related to business combinations was amended to requ adjustments to provisional amounts that are identified during the measurement period be recognized reporting period in which the adjustment amounts are determined rather than being retrospectively recognized as of the acquisition date. Such amounts will be required to either be presented separatel face of the income statement or within a footnote disclosure stating what the impacts on prior perio financial statements would have been had such amounts had been recognized as of the acquisition d This guidance will become effective for us on January 1, 2016. The adoption of this guidance is not expected to have a material impact on our Consolidated Financial Statements.

In February 2015, the accounting guidance related to consolidation was amended to include change the variable and voting interest models used by companies to evaluate whether an entity should be consolidated. This guidance will become effective for us on January 1, 2016. The adoption of this g is not expected to have an impact on our Consolidated Financial Statements.

In May 2014, the accounting guidance related to revenue recognition was amended to outline a sing comprehensive model for accounting for revenue from contracts with customers. While this guidan supersedes existing revenue recognition guidance, it closely aligns with current GAAP. The new gu will become effective for us on January 1, 2018, with early adoption permitted on January 1, 2017. currently evaluating the impact, if any, the adoption of this guidance will have on our Consolidated Financial Statements.

Table of Contents

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RIS

We are subject to market risk primarily from exposure to changes in interest rates based on our fina investing and cash management activities. We intend to manage interest rate risk through the use of combination of fixed rate and variable rate debt. We borrow under our Credit Agreement at various rate options based on the Alternate Base Rate or LIBOR rate depending on certain financial ratios. December 31, 2015, the outstanding principal balance on our Credit Agreement was $533.5 million composed of $343.5 million under our revolving line of credit and $190.0 million under our term lo Considering the total outstanding balance of $533.5 million, a 1% change in interest rates would res impact to income before income taxes of approximately $5.3 million per year.

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following Consolidated Financial Statements and Financial Statement Schedule of MEDNAX, its subsidiaries are included in this Form 10-K on the pages set forth below:

INDEX TO FINANCIAL STATEMENTS

AND FINANCIAL STATEMENT SCHEDULE

Consolidated Financial Statements

Report of Independent Registered Certified Public Accounting Firm

Consolidated Balance Sheets at December 31, 2015 and 2014

Consolidated Statements of Income for the Years Ended December 31, 2015, 2014 and 2013

Consolidated Statements of Equity for the Years Ended December 31, 2015, 2014 and 2013

Consolidated Statements of Cash Flows for the Years Ended December 31, 2015, 2014 and 2013

Notes to Consolidated Financial Statements

Financial Statement Schedule

Schedule II Valuation and Qualifying Accounts for the Years Ended December 31, 2015, 2014 and 2013

Table of Contents

Report of Independent Registered Certified Public Accounting Firm

To the Board of Directors and Shareholders of

MEDNAX, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly material respects, the financial position of MEDNAX, Inc. and its subsidiaries at December 31, 201 2014, and the results of their operations and their cash flows for each of the three years in the perio December 31, 2015 in conformity with accounting principles generally accepted in the United State America. In addition, in our opinion, the financial statement schedule listed in the accompanying in presents fairly, in all material respects, the information set forth therein when read in conjunction w related consolidated financial statements. Also in our opinion, the Company maintained, in all mate respects, effective internal control over financial reporting as of December 31, 2015, based on crite established in *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO). The Company s management is responsible financial statements and financial statement schedule, for maintaining effective internal control ove financial reporting and for its assessment of the effectiveness of internal control over financial repo included in Management s Annual Report on Internal Control over Financial Reporting under Item responsibility is to express opinions on these financial statements, on the financial statement schedu on the Company s internal control over financial reporting based on our integrated audits. We conc audits in accordance with the standards of the Public Company Accounting Oversight Board (Unite States). Those standards require that we plan and perform the audits to obtain reasonable assurance whether the financial statements are free of material misstatement and whether effective internal co over financial reporting was maintained in all material respects. Our audits of the financial statemer included examining, on a test basis, evidence supporting the amounts and disclosures in the financia statements, assessing the accounting principles used and significant estimates made by managemen evaluating the overall financial statement presentation. Our audit of internal control over financial r included obtaining an understanding of internal control over financial reporting, assessing the risk t material weakness exists, and testing and evaluating the design and operating effectiveness of intern control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis fo opinions.

As discussed in Note 2 to the consolidated financial statements the Company changed the manner in it classifies deferred income tax assets and liabilities in 2015.

A company s internal control over financial reporting is a process designed to provide reasonable a regarding the reliability of financial reporting and the preparation of financial statements for externa purposes in accordance with generally accepted accounting principles. A company s internal contro financial reporting includes those policies and procedures that (i) pertain to the maintenance of reco in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of th company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit pre of financial statements in accordance with generally accepted accounting principles, and that receip expenditures of the company are being made only in accordance with authorizations of managemen directors of the company; and (iii) provide reasonable assurance regarding prevention or timely dete unauthorized acquisition, use, or disposition of the company s assets that could have a material effe financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or dete misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to t that controls may become inadequate because of changes in conditions, or that the degree of compli with the policies or procedures may deteriorate.

As described in Management s Annual Report on Internal Control Over Financial Reporting, mana has excluded Virtual Radiologic Corporation (vRad) from its assessment of internal control over reporting as of December 31, 2015 because vRad was acquired by the Company in a purchase busi

combination during 2015. We have also excluded vRad from our audit of internal control over finan reporting. vRad is a wholly-owned subsidiary whose total assets and total revenues represent 1% an respectively, of the related consolidated financial statement amounts as of and for the year ended D 31, 2015.

/s/ PricewaterhouseCoopers LLP

Ft. Lauderdale, Florida

February 11, 2016

Table of Contents

MEDNAX, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands)

	December 31, 2015	2
ASSETS		
Current assets:		
Cash and cash equivalents	$ 51,572	$
Short-term investments	8,853	
Accounts receivable, net	444,737	3
Prepaid expenses	9,639	
Deferred income taxes		
Other assets	12,968	
Total current assets	527,769	4
Investments	63,288	
Property and equipment, net	83,634	
Goodwill	3,366,150	2,7
Intangible assets, net	424,219	1
Other assets	82,154	
Total assets	$ 4,547,214	$ 3,6
LIABILITIES & EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 395,807	$ 3
Current portion of long-term debt and capital lease obligations	11,883	
Income taxes payable	21,081	
Total current liabilities	428,771	4
Line of credit	343,500	3
Long-term debt and capital lease obligations, net	919,320	1
Long-term professional liabilities	176,532	1
Deferred income taxes	188,956	1
Other liabilities	52,289	
Total liabilities	2,109,368	1,3
Commitments and contingencies		
Shareholders equity:		
Preferred stock; $.01 par value; 1,000 shares authorized; none issued		
Common stock; $.01 par value; 200,000 shares authorized; 93,739 and 96,030 shares issued and outstanding, respectively	937	
Additional paid-in capital	926,235	8
Retained earnings	1,510,356	1,3
Total MEDNAX, Inc. shareholders equity	2,437,528	2,2
Noncontrolling interests	318	

Total equity	2,437,846	2,2
Total liabilities and equity	$ 4,547,214	$ 3,6

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

MEDNAX, INC.

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except for per share data)

	Years Ended December 31,		
	2015	**2014**	**2**
Net revenue	$ 2,779,996	$ 2,438,913	$ 2,1
Operating expenses:			
Practice salaries and benefits	1,753,505	1,543,395	1,3
Practice supplies and other operating expenses	98,480	89,002	
General and administrative expenses	305,915	247,527	2
Depreciation and amortization	64,228	45,990	
Total operating expenses	2,222,128	1,925,914	1,7
Income from operations	557,868	512,999	4
Investment and other income	1,844	2,728	
Interest expense	(23,110)	(8,891)	
Equity in earnings of unconsolidated affiliate	3,127	1,780	
Total non-operating expenses	(18,139)	(4,383)	
Income before income taxes	539,729	508,616	4
Income tax provision	204,038	191,413	1
Net income	335,691	317,203	2
Net loss attributable to noncontrolling interests	629	78	
Net income attributable to MEDNAX, Inc.	$ 336,320	$ 317,281	$ 2
Per common and common equivalent share data:			
Net income attributable to MEDNAX, Inc.:			
Basic	$ 3.61	$ 3.22	$
Diluted	$ 3.58	$ 3.18	$
Weighted average common shares:			
Basic	93,077	98,588	
Diluted	93,960	99,887	1

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

MEDNAX, INC.

CONSOLIDATED STATEMENTS OF EQUITY

(in thousands)

	Common Stock					
	Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings	Noncontrolling Interests	T Eq
Balance at December 31, 2012	100,038	1,000	787,580	1,246,788		2,0
Net income				280,517		2
Common stock issued under employee stock option and employee stock purchase plan	1,331	14	28,683			
Issuance of restricted stock and vesting of deferred stock	922	9	(9)			
Stock-based compensation expense			31,288			
Forfeitures of restricted stock	(28)					
Repurchased common stock	(1,056)	(11)	(8,570)	(43,282)		(
Excess tax benefit related to employee stock incentive plans			18,981			
Balance at December 31, 2013	101,207	1,012	857,953	1,484,023		2,3
Contributions from noncontrolling interests					1,025	
Net income (loss)				317,281	(78)	3
Common stock issued under employee stock option and employee stock purchase plan	1,412	13	42,863			
Issuance of restricted stock and vesting of deferred stock	573	6	(6)			
Issuance of restricted stock for contingent consideration	12		705			
Stock-based compensation expense			31,719			
Forfeitures of restricted stock	(34)					
Repurchased common stock	(7,140)	(71)	(63,836)	(424,522)		(4
Excess tax benefit related to employee stock incentive plans			17,479			
Balance at December 31, 2014	96,030	$ 960	$ 886,877	$ 1,376,782	$ 947	$ 2,2
Net income (loss)				336,320	(629)	3

Common stock issued under employee stock option and employee stock purchase plan	463	5	20,123			
Issuance of restricted stock and vesting of deferred stock	527	5	(5)			
Issuance of restricted stock for acquisition consideration	114	1	7,799			
Stock-based compensation expense			32,129			
Forfeitures of restricted stock	(30)					
Repurchased common stock	(3,365)	(34)	(32,271)	(202,746)		(2
Excess tax benefit related to employee stock incentive plans			11,583			
Balance at December 31, 2015	93,739	$ 937	$ 926,235	$ 1,510,356	$ 318	$ 2,4

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

MEDNAX, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Years Ended December 31,		
	2015	**2014**	**2**
Cash flows from operating activities:			
Net income	$ 335,691	$ 317,203	$ 2
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	64,228	45,990	
Net change in fair value of contingent consideration liabilities	13	(417)	
Stock-based compensation expense	32,129	31,719	
Equity in earnings of unconsolidated affiliate	(3,127)	(1,780)	
Distribution of earnings from unconsolidated affiliate	2,062		
Deferred income taxes	14,494	2,559	
Changes in assets and liabilities:			
Accounts receivable	(55,391)	(57,018)	(
Prepaid expenses and other assets	(4,905)	1,506	
Other assets	1,639	2,137	
Accounts payable and accrued expenses	(7,874)	66,039	
Income taxes payable	(4,101)	6,998	
Payments of contingent consideration liabilities	(1,439)	(4,071)	
Long-term professional liabilities	(2,064)	9,284	
Other liabilities	(2,654)	2,492	
Net cash provided from operating activities	368,701	422,641	4
Cash flows from investing activities:			
Acquisition payments, net of cash acquired	(818,903)	(479,394)	(2
Purchases of investments	(33,980)	(26,884)	(
Proceeds from maturities of investments	31,956	20,735	
Purchases of property and equipment	(27,073)	(18,061)	(
Net cash used in investing activities	(848,000)	(503,604)	(2
Cash flows from financing activities:			
Borrowings on credit facility	2,121,500	1,754,500	9
Payments on credit facility	(2,156,000)	(1,213,500)	(1,0
Proceeds from issuance of senior notes	750,000		
Payments for financing costs	(14,190)	(4,281)	
Payments of contingent consideration liabilities	(12,856)	(11,740)	(
Payments on capital lease obligations	(2,171)	(159)	
Excess tax benefit from exercises of stock options and vesting of restricted and deferred stock	11,583	17,462	
Proceeds from issuance of common stock	20,128	42,876	
Contribution from noncontrolling interests		1,025	
Repurchases of common stock	(235,051)	(488,429)	(
Net cash provided from (used in) financing activities	482,943	97,754	(1

Net increase in cash and cash equivalents	3,644	16,791	
Cash and cash equivalents at beginning of year	47,928	31,137	
Cash and cash equivalents at end of year	$ 51,572	$ 47,928	$
Supplemental disclosure of cash flow information:			
Cash paid for:			
Interest	$ 20,367	$ 7,323	$
Income taxes	$ 181,005	$ 161,841	$ 1
Non-cash investing and financing activities:			
Value of common stock issued for an acquisition	$ 7,800	$	$
Equipment financed through capital leases	$ 3,135	$ 1,244	$
Property and equipment included in accounts payable	$ 1,800	$	$

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents

MEDNAX, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General:

The principal business activity of MEDNAX, Inc. (MEDNAX or the Company) and its subsid provide neonatal, anesthesia, maternal-fetal and other pediatric subspecialties physician services. Th Company has contracts with affiliated business corporations or professional associations, limited lia companies and partnerships (affiliated professional contractors), which are separate legal entities provide physician services in certain states and Puerto Rico. The Company and its affiliated profess contractors also have contracts with hospitals and other healthcare facilities to provide physician se which include (i) fee-for-service contracts, whereby hospitals agree, in exchange for the Company services, to authorize the Company and its healthcare professionals to bill and collect the charges fo medical services rendered by the Company s affiliated healthcare professionals, and (ii) administra contracts, whereby the Company is assured a minimum revenue level.

In addition to the Company s national physician network, during 2015 the Company acquired a rad physician services and telemedicine company that provides outsourced radiology and telemedicine to hospital, health system and radiology group facilities as well as a third-party receivables compan specializes in revenue recovery on accounts that require heightened expertise, labor and capital. Du 2014, the Company acquired two complementary businesses that offer services to medical provider including its own, consisting of a revenue cycle management company and a consulting services co

2. Summary of Significant Accounting Policies:

Principles of Presentation

The financial statements include all the accounts of the Company and its subsidiaries combined wit accounts of the affiliated professional contractors with which the Company currently has specific management arrangements. The Company s agreements with affiliated professional contractors pro the term of the arrangements are in most cases permanent, subject only to termination by the Compa except in the case of gross negligence, fraud or bankruptcy of the Company. The Company has the receive income, both as ongoing fees and as proceeds from the sale of its interest in the Company s professional contractors, in an amount that fluctuates based on the performance of the affiliated pro contractors and the change in the fair value of the Company s interest in the affiliated professional contractors. The Company has exclusive responsibility for the provision of all non-medical services required for the day-to-day operation and management of the Company s affiliated professional co and establishes the guidelines for the employment and compensation of the physicians. In addition, agreements provide that the Company has the right, but not the obligation, to purchase, or to design person(s) to purchase, the stock of the Company s affiliated professional contractors for a nominal Separately, in its sole discretion, the Company has the right to assign its interest in the agreements. upon the provisions of these agreements, the Company has determined that the affiliated profession contractors are variable interest entities and that the Company is the primary beneficiary as defined accounting guidance for consolidation. All significant intercompany and interaffiliate accounts and transactions have been eliminated.

On June 1, 2014, the Company entered into a joint venture in which it owns a 75% economic intere Company has a management agreement with the joint venture and, based on the terms of the agreem Company has determined that the joint venture is a variable interest entity for which the Company i primary beneficiary as defined in the accounting guidance for consolidation. Accordingly, the finan results of the joint venture are fully consolidated into the Company s operating results. The equity of the outside investor in the equity and results of operations of this consolidated entity are accounte and presented as noncontrolling interests. Also on June 1, 2014, the Company entered into a second venture in which it owns

68

Table of Contents

a 37.5% economic interest. The Company accounts for this joint venture under the equity method o
accounting because the Company exercises significant influence over, but does not control, this ent

Prior period financial statements have been adjusted to conform with the current year presentation f
presentation of intangible assets and other current assets as well as for changes resulting from the a
of the accounting guidance related to the presentation of debt issuance costs.

For the presentation of debt issuance costs, the Company reclassified its debt issuance costs, other t
those related to its revolving line of credit, as a direct deduction from the related long-term debt. Th
reclassification was recorded as a change in accounting principle. See New Accounting Pronounce
The impact of the adjustments made to prior period balance sheet is presented below (in thousands)

	December 31, 2014		
	Previously Reported	Adjustment	As Revised
Consolidated Balance Sheet:			
Other assets (noncurrent portion) (1)	$ 235,425	$ (547)	$ 234,878
Total assets	$ 3,608,795	$ (547)	$ 3,608,248
Long-term debt and capital lease obligations	$ 190,855	$ (547)	$ 190,308
Total liabilities	$ 1,343,229	$ (547)	$ 1,342,682

(1) For the year ended December 31, 2014, the previously reported amount of other noncurrent ass
included intangible assets, net of accumulated amortization and other noncurrent assets. For the
ended December 31, 2015, intangible assets and other noncurrent assets are separately presente

Recently Adopted Accounting Pronouncements

In November 2015, the accounting guidance related to deferred income tax assets and liabilities wa
amended to require that such amounts be presented in the balance sheet as noncurrent rather than se
deferred income tax assets and liabilities into current and noncurrent amounts. This guidance is requ
be adopted on January 1, 2017 and may be applied either prospectively to all deferred tax assets and
liabilities as of year-end 2015 or retrospectively to all periods presented. As permitted, the Compan
adopted this guidance prospectively as of December 31, 2015 as a change in accounting principle.

In March 2015, the accounting guidance related to the presentation of debt issuance costs was amen
require that such costs be presented in the balance sheet as a direct deduction from the carrying amo
the related debt liability but does not change the recognition and measurement requirements for deb
issuance costs. In June 2015, it was clarified that debt issuance costs related to revolving lines of cr
were excluded from this guidance and that a company would be responsible for adopting an accoun
policy for the presentation of such costs, including treating such costs as an amortizable asset. This
guidance is required to be adopted on January 1, 2016 retrospectively to all periods presented. As p
the Company adopted this guidance as of December 31, 2015 as a change in accounting principle a
applied retrospectively to all periods presented. The Company will continue to present debt issuanc
related to its revolving line of credit as an amortizable asset.

New Accounting Pronouncements

In September 2015, the accounting guidance related to business combinations was amended to requ
adjustments to provisional amounts that are identified during the measurement period be recognized
reporting period in which the adjustment amounts are determined rather than being retrospectively
recognized as of the acquisition date. Such amounts will be required to either be presented separatel
face of the income

69

Table of Contents

statement or within a footnote disclosure stating what the impacts on prior period financial statemer would have been had such amounts had been recognized as of the acquisition date. This guidance w become effective for the Company on January 1, 2016, with early adoption permitted. The adoption guidance is not expected to have a material impact on the Company s Consolidated Financial State

In February 2015, the accounting guidance related to consolidation was amended to include change the variable and voting interest models used by companies to evaluate whether an entity should be consolidated. This guidance will become effective for the Company on January 1, 2016, and early a is permitted. The adoption of this guidance is not expected to have an impact on the Company s Consolidated Financial Statements.

In May 2014, the accounting guidance related to revenue recognition was amended to outline a sing comprehensive model for accounting for revenue from contracts with customers. While this guidan supersedes existing revenue recognition guidance, it closely aligns with current accounting principl generally accepted in the United States (GAAP). The new guidance will become effective for th on January 1, 2018, with early adoption permitted on January 1, 2017. The Company is currently ev the impact, if any, the adoption of this guidance will have on the Company s Consolidated Financi Statements.

Accounting Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make es and assumptions that affect the reported amounts of assets and liabilities and disclosure of continge and liabilities at the date of the financial statements and the reported amounts of revenue and expen during the reporting periods. Significant estimates and assumptions are involved in the calculation o Company s allowance for contractual adjustments and uncollectibles on accounts receivable, liabil self-insured amounts and claims incurred but not reported related to the Company s professional li risks, the fair value of goodwill, and liabilities for uncertain tax positions. Actual results could diffe those estimates.

Segment Reporting

The results of the Company s operations are aggregated into a single reportable segment for purpos presenting financial information in accordance with the accounting guidance for segment reporting.

The following table summarizes the Company s net revenue by service line (in percentages):

	Years Ended December 31,		
	2015	2014	2013
Neonatal and other pediatric subspecialties	44%	50%	52%
Anesthesia	37%	36%	32%
Maternal-fetal	9%	9%	11%
Pediatric cardiology	4%	4%	5%
Radiology	4%		
Other services	2%	1%	
	100%	100%	100%

Revenue Recognition

Patient service revenue is recognized at the time services are provided by the Company s affiliated physicians. Almost all of the Company s patient service revenue is reimbursed by government-spo healthcare programs and third-party insurance payors. Payments for services rendered to the Compa patients are generally less than billed charges. The Company monitors its revenue and receivables f

these sources and records an estimated contractual allowance to properly account for the anticipated differences between billed and reimbursed amounts.

Table of Contents

Accordingly, patient service revenue is presented net of an estimated provision for contractual adjus and uncollectibles. The Company estimates allowances for contractual adjustments and uncollectibl accounts receivable based upon historical experience and other factors, including days sales outstan (DSO) for accounts receivable, evaluation of expected adjustments and delinquency rates, past a and collection experience in relation to amounts billed, an aging of accounts receivable, current con and reimbursement terms, changes in payor mix and other relevant information. Contractual adjustr result from the difference between the physician rates for services performed and the reimbursemen government-sponsored healthcare programs and insurance companies for such services.

In addition, the Company generates revenue for services rendered under various coding and billing contracts. Contract terms are specific to each customer and may include a combination of a flat fee coding of medical charts, a fixed fee per patient visit as well as a percentage of cash collections rec the providers. Revenue for flat and fixed fee arrangements is recognized in the month the coding oc the patient visit occurs. Revenue for percentage fees are recognized in the month that cash is collect customers from payors. Revenue recorded for these services during 2015 were immaterial.

Accounts receivable are primarily amounts due under fee-for-service contracts from third-party pay such as insurance companies, self-insured employers and patients and government-sponsored health programs geographically dispersed throughout the United States and its territories. Concentration o risk relating to accounts receivable is limited by the number, diversity and geographic dispersion of business units managed by the Company, as well as by the large number of patients and payors, inc the various governmental agencies in the states in which the Company provides services. Receivabl government agencies made up approximately 19% of net accounts receivable at December 31, 2015 2014.

Cash and Cash Equivalents

Cash equivalents are defined as all highly liquid financial instruments with maturities of 90 days or from the date of purchase. The Company s cash equivalents typically consist of demand deposits, a on deposit in money market accounts, and funds invested in overnight repurchase agreements. Cash equivalent balances may, at certain times, exceed federally insured limits.

Certain cash equivalents carried by the Company are subject to the fair value provisions of the acco guidance for fair value measurements. See Fair Value Measurements below.

Investments

Investments consist of municipal debt securities, federal home loan securities and certificates of dep Investments with remaining maturities of less than one year are classified as short-term investments Investments classified as long-term have maturities of one year to six years.

The Company intends and has the ability to hold its held-to-maturity securities to maturity, and then carries such investments at amortized cost in accordance with the provisions of the accounting guid investments in debt and equity securities.

Property and Equipment

Property and equipment are recorded at original purchase cost. Depreciation of property and equipm computed using the straight-line method over the estimated useful lives of the underlying assets. Es useful lives are generally 20 years for buildings; three to 10 years for medical equipment, computer equipment, software and furniture; and the lesser of the useful life or the remaining lease term for le improvements and capital leases. Upon sale or retirement of property and equipment, the related co accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss included in earnings.

71

Table of Contents

Business Acquisitions

The Company accounts for business acquisitions as required by the provisions of the accounting gu for business combinations such that all business combinations are required to be accounted for at fa The guidance requires the Company to expense certain acquisition costs as they are incurred. In acc with the acquisition method of accounting, any identifiable assets acquired and any liabilities assum recognized and measured at their fair values on the acquisition date. If information about facts and circumstances existing as of the acquisition date is incomplete at the end of the reporting period in w business acquisition occurs, the Company will report provisional amounts for the items for which th accounting is incomplete. The measurement period ends once the Company receives sufficient infor to finalize the fair values; however, the period will not exceed one year from the acquisition date. A material adjustments recognized during the measurement period are to be reflected retrospectively i Consolidated Financial Statements of the subsequent period; however, beginning on January 1, 201 adjustments to provisional amounts that are identified during the measurement period will be recogn the reporting period in which the adjustment amounts are determined.

In connection with certain acquisitions, the Company enters into agreements to pay additional amou cash or common stock based on the achievement of certain performance measures for up to five yea ending after the acquisition dates. The Company measures this contingent consideration at fair valu acquisition date and records such contingent consideration as a liability or equity on the Company Consolidated Balance Sheets on the acquisition date. The fair value of each contingent considerati liability is remeasured at each reporting period with any change in fair value recognized as income expense within operations in the Company s Consolidated Statements of Income. See Note 6 for m information on the Company s business acquisitions.

Goodwill and Other Intangible Assets

The Company records acquired assets and liabilities at their respective fair values under the acquisi method of accounting. Goodwill represents the excess of cost over the fair value of the net assets ac Intangible assets with finite lives, principally physician and hospital agreements, customer relations patented technology and trade names, are recognized apart from goodwill at the time of acquisition on the contractual-legal and separability criteria established in the accounting guidance for business combinations. Intangible assets with finite lives are amortized on either an accelerated basis based o annual undiscounted economic cash flows associated with the particular intangible asset or on a straight-line basis over their estimated useful lives. Intangible assets with finite lives are amortized periods of one to 20 years.

Goodwill is tested for impairment at a reporting unit level on at least an annual basis in accordance subsequent measurement provisions of the accounting guidance for goodwill. The Company define reporting unit based upon its management structure for services provided in specific regions of the U States. The testing for impairment is completed using a two-step test. The first step compares the fa of a reporting unit with its carrying amount, including goodwill. If the carrying amount of a reportin exceeds its fair value, a second step is performed to determine the amount of any impairment loss. T Company uses income and market-based valuation approaches to determine the fair value of its rep units. These approaches focus on discounted cash flows and market multiples based on the Compan market capitalization to derive the fair value of a reporting unit. The Company also considers the ec outlook for the healthcare services industry and various other factors during the testing process, incl hospital and physician contract changes, local market developments, changes in third-party payor p and other publicly available information. The Company completed annual impairment tests in the th quarter of each of 2015, 2014 and 2013 and determined that goodwill was not impaired in any of th years.

Long-Lived Assets

The Company is required to evaluate long-lived assets, including intangible assets subject to amorti whenever events or changes in circumstances indicate that the carrying value of the assets may not

72

Table of Contents

recoverable. The recoverability of such assets is measured by a comparison of the carrying value of assets to the future undiscounted cash flows before interest charges to be generated by the assets. If long-lived assets are impaired, the impairment to be recognized is measured as the excess of the car value over the fair value. Long-lived assets held for disposal are reported at the lower of the carryin or fair value less disposal costs. The Company does not believe there are any indicators that would an adjustment to such assets or their estimated periods of recovery at December 31, 2015 pursuant t current accounting standards.

Common Stock Repurchases

The Company repurchases shares of its common stock as authorized from time to time by its Board Directors. The Company treats repurchased shares of its common stock as authorized but unissued s The reacquisition cost of repurchased shares is recorded as a reduction in the respective component shareholders equity.

Professional Liability Coverage

The Company maintains professional liability insurance policies with third-party insurers generally claims-made basis, subject to self-insured retention, exclusions and other restrictions. The Company self-insured retention under its professional liability insurance program is maintained primarily thro wholly owned captive insurance subsidiary. The Company records an estimate of liabilities for self- amounts and claims incurred but not reported based on an actuarial valuation using historical loss information, claim emergence patterns and various actuarial assumptions. Liabilities for claims incu not reported are not discounted.

Income Taxes

The Company records deferred income taxes using the liability method, whereby deferred tax assets liabilities are determined based on the difference between the financial statement and tax bases of a and liabilities using enacted tax rates in effect for the year in which the differences are expected to r

The accounting guidance for uncertain tax positions prescribes a recognition threshold and measure attribute for financial statement recognition and measurement of a tax position taken or expected to taken in a tax return. The guidance also requires policy disclosures regarding penalties and interest extensive disclosures regarding increases and decreases in uncertain tax positions as a result of tax p taken in a current or prior period, settlements with taxing authorities and any lapse of an applicable of limitations. Additional qualitative discussion is required for any tax position that may result in a significant increase or decrease in uncertain tax positions within a 12-month period from the Compa reporting date.

Stock Incentive Plans

The Company grants stock-based awards consisting primarily of restricted stock to key employees u Amended and Restated 2008 Incentive Compensation Plan. In accordance with the accounting guid stock-based compensation, the Company measures the cost of employee services received in excha stock-based awards based on grant-date fair value and allocates the resulting compensation expense the corresponding requisite service period using the graded vesting attribution method. The Compar performs analyses to estimate forfeitures of stock-based awards as required by the accounting guida stock-based compensation. The Company is required to assess its forfeiture estimates on at least an basis and adjust the estimates as necessary based on the number of awards that ultimately vest.

Net Income Per Common Share

Basic net income per common share is calculated by dividing net income by the weighted average n of common shares outstanding during the period. Diluted net income per common share is calculate dividing net income by the weighted average number of common and potential common shares outs

during the

Table of Contents

period. Potential common shares consist of outstanding restricted stock and stock options calculated the treasury stock method. Under the treasury stock method, the Company includes the assumed exe benefits related to the potential exercise or vesting of its stock-based awards using the difference be the average market price for the applicable period less the option price, if any, and the fair value of stock-based award on the date of grant multiplied by the applicable tax rate.

Fair Value Measurements

In accordance with the accounting guidance for fair value measurements and disclosures, the Comp carries its money market funds included in cash and cash equivalents at fair value. In accordance wi three-tier fair value hierarchy under this guidance, the Company determined the fair value using quo market prices, a Level 1 input as defined under the accounting guidance for fair value measurement December 31, 2015 and 2014, the Company s money market funds had a carrying amount of $13.9 and $5.1 million, respectively.

The Company also carries the cash surrender value of life insurance related to its deferred compens arrangements at fair value. The investments underlying the life insurance contracts consist primarily exchange-traded equity securities and mutual funds with quoted prices in active markets. In accorda with the three-tier fair value hierarchy, the Company determined the fair value using the cash surren value of the life insurance, a Level 2 input as defined under the accounting guidance for fair value measurements. At December 31, 2015 and 2014, the Company s cash surrender value of life insura carrying amount of $14.5 million and $16.0 million, respectively.

In addition, the Company carries its contingent consideration liabilities related to acquisitions at fai In accordance with the three-tier fair value hierarchy, the Company determined the fair value of its contingent consideration liabilities using the income approach with assumed discount rates and pay probabilities. The income approach uses Level 3, or unobservable inputs as defined under the accou guidance for fair value measurements. At December 31, 2015 and 2014, the Company s contingent consideration liabilities had a fair value of $24.9 million and $35.3 million, respectively. See Note 6 more information regarding the Company s contingent consideration liabilities.

The carrying amounts of cash equivalents, short-term investments, accounts receivable and account payable and accrued expenses approximate fair value due to the short maturities of the respective instruments. The carrying values of long-term investments, line of credit, long-term debt and capita obligations approximate fair value. If the Company s investments were measured at fair value, they be categorized as Level 2 in the fair value hierarchy. If the Company s line of credit and long-term were measured at fair value, they would be categorized as Level 2 in the fair value hierarchy.

3. Investments:

Investments held are summarized as follows (in thousands):

	December 31, 2015		December 31, 2014	
	Short-Term	Long-Term	Short-Term	Long-Te
Municipal debt securities	$ 8,608	$ 34,858	$ 5,539	$ 35,8
Federal home loan securities		26,715		27,0
Certificates of deposit	245	1,715	496	1,2
	$ 8,853	$ 63,288	$ 6,035	$ 64,0

Table of Contents

Contractual maturities of long-term investments are summarized as follows (in thousands):

	December 31, 2015	2014
Due after one year through five years	$ 60,383	$ 54,959
Due after five years through six years	2,905	9,123
	$ 63,288	$ 64,082

4. Accounts Receivable and Net Revenue:

Accounts receivable, net consists of the following (in thousands):

	December 31, 2015	2014
Gross accounts receivable	$ 1,574,038	$ 1,200,958
Allowance for contractual adjustments and uncollectibles	(1,129,301)	(848,767)
	$ 444,737	$ 352,191

Net revenue consists of the following (in thousands):

	Years Ended December 31, 2015	2014	2013
Gross revenue	$ 8,942,957	$ 7,662,556	$ 6,702,484
Contractual adjustments and uncollectibles	(6,389,195)	(5,403,437)	(4,695,232)
Hospital contract administrative fees	226,234	179,794	146,760
	$ 2,779,996	$ 2,438,913	$ 2,154,012

Accounts receivable of $444.7 million and $352.2 million at December 31, 2015 and 2014, respecti consist primarily of amounts due from government-sponsored healthcare programs and third-party insurance payors for services provided by the Company s affiliated physicians.

Net revenue of $2.8 billion, $2.4 billion and $2.2 billion for the years ended December 31, 2015, 20 2013, respectively, consists primarily of gross billed charges for services provided by the Company affiliated physicians less an estimated allowance for contractual adjustments and uncollectibles to p account for the anticipated differences between gross billed charge amounts and expected reimburs amounts.

The Company s contractual adjustments and uncollectibles as a percentage of gross patient service vary slightly each year depending on several factors, including improved managed care contracting changes in reimbursement from state Medicaid programs and other government-sponsored program in the percentage of patient services being reimbursed under government-sponsored programs and a price increases.

The Company s annual price increases typically increase contractual adjustments as a percentage o patient service revenue. This increase is primarily due to Medicaid, Medicare and other government-sponsored healthcare programs that generally provide for reimbursements on a fee-sch basis rather than on a gross charge basis. When the Company bills these programs, like other payor gross-charge basis, it also increases its provision for contractual adjustments and uncollectibles by t amount of any price increase, resulting in a higher contractual adjustment percentage.

Table of Contents

5. Property and Equipment:

Property and equipment consists of the following (in thousands):

	December 31, 2015	2014
Building	$ 26,382	$ 22,981
Land	6,683	6,683
Equipment and other	169,903	133,279
	202,968	162,943
Accumulated depreciation	(119,334)	(96,895)
	$ 83,634	$ 66,048

At December 31, 2015 and 2014, property and equipment includes medical and other equipment he
capital leases of approximately $5.4 million and $2.4 million, and related accumulated depreciation
approximately $2.3 million and $1.4 million, respectively. The Company recorded depreciation exp
approximately $22.2 million, $15.9 million and $15.5 million for the years ended December 31, 20
and 2013, respectively.

6. Business Acquisitions:

During the year ended December 31, 2015, the Company completed 12 acquisitions, of which 10 w
physician group practices including seven anesthesiology practices, two neonatology practices and
other pediatric subspecialty practice, and two non-practice acquisitions including a leading radiolog
physician services and telemedicine company and a complementary third-party receivables compan
acquisition-date fair value of the total consideration for the 12 acquisitions was $853.3 million, incl
cash acquired. Approximately $818.3 million was paid in cash, net of $23.0 million in cash acquire
million was paid by issuing 114,306 shares of the Company s common stock, $3.8 million was rec
contingent consideration liability and $0.4 million was recorded within other current liabilities.

The physician practice acquisitions expand the Company s national network of physician practices
Company expects to improve the results of these physician practices through improved managed ca
contracting, improved collections, identification of growth initiatives, as well as, operating and cost
based on the significant infrastructure it has developed. The acquisition of the radiology physician s
and telemedicine company provides a platform for growth in the radiology market as well as in the
telemedicine market, and will further expand the Company s service offerings to its hospital and h
system partners. The acquisition of the third-party receivables company was an addition to our exis
revenue cycle management company and is expected to further enhance the Company s services of
for its hospital and health system partners as an outsourced services capability.

The Company s allocation of purchase price is as follows (in thousands):

	Radiology Acquisition	Other Acquisitions	Total
Current assets	$ 51,736	$ 11,445	$ 63,181
Property and equipment	11,398	449	11,847
Other noncurrent assets	8,237	2,552	10,789
Goodwill	313,340	275,984	589,324
Other intangible assets	199,960	73,477	273,437

Current liabilities	(27,008)	(1,160)	(28,168)
Deferred income tax liabilities long-term	(15,850)	(14,356)	(30,206)
Other long-term liabilities	(34,275)	(2,618)	(36,893)
	$ 507,538	$ 345,773	$ 853,311

Table of Contents

One of the acquisitions completed during the year ended December 31, 2015 remains subject to a w
capital adjustment.

The 114,306 shares of the Company s common stock issued as a component of the purchase consid
for an acquisition completed during the year ended December 31, 2015 had an acquisition-date fair
$7.8 million. The fair value of such shares was determined using the closing price on the New York
Exchange of the Company s common stock less a discount for lack of marketability, reflecting a th
contractual restriction on disposition or assignment of such common stock.

The contingent consideration of $3.8 million recorded during the year ended December 31, 2015 is
to an agreement to pay an additional cash amount based on the achievement of certain performance
measures for up to two years after the acquisition date. The accrued contingent consideration was re
as a liability at acquisition-date fair value using the income approach with assumed discount rates ra
from 2.8% to 3.5% over the applicable terms and an assumed payment probability of 100% for each
applicable years. The range of the undiscounted amount the Company could pay under the continge
consideration agreement is between $0 and $4.0 million. In addition, during the year ended Decemb
2015, the Company recorded a decrease to its contingent consideration liability of $1.0 million relat
the change in fair value of certain contingent consideration agreements for which the performance m
will not be met. This change in fair value was recorded within operating income.

In addition, during the year ended December 31, 2015, the Company paid $14.3 million for conting
consideration related to certain prior-period acquisitions, of which all but the accretion recorded du
2015 was accrued as of December 31, 2014. In connection with prior-period acquisitions, the Comp
recorded a net increase of $0.6 million to goodwill composed of a decrease in intangible assets of $
million, an increase of $2.6 million in other current assets, a decrease of $2.6 million in other long-t
liabilities and $0.6 million in additional cash consideration related to a working capital true-up adju
and other measurement period adjustments. These adjustments did not have a material impact on th
Company s Consolidated Financial Statements in any period; therefore, the Company has not retro
adjusted such statements.

During 2014, the Company completed 13 acquisitions, composed of 11 physician group practices, a
complementary revenue cycle management company as well as a consulting services company for t
consideration of $488.6 million, consisting of $479.4 million in cash and $9.2 million of contingent
consideration.

In June 2014, the Company entered into two joint ventures, one in which it owns a 75% economic i
and one in which it owns a 37.5% economic interest. The financial results of the 75% owned joint v
are fully consolidated into the Company s operating results and are not material to the Consolidate
Financial Statements. In connection with the 37.5% owned joint venture, the Company completed a
nonmonetary exchange of certain operations with a fair value of $7.7 million as contribution to the
venture. The carrying value of the goodwill transferred of $7.2 million and the fixed assets transferr
$0.5 million approximated the fair value of the contribution to this joint venture, and accordingly no
loss was recognized on the transaction. The investment in this joint venture is included in other asse
noncurrent, as presented in the Company s Consolidated Balance Sheets.

Table of Contents

The results of operations of the practices acquired in 2015 and 2014 have been included in the Com Consolidated Financial Statements from the dates of acquisition. The following unaudited pro form information combines the consolidated results of operations of the Company on a GAAP basis and acquisitions completed during 2015 and 2014, including adjustments for pro forma amortization an interest expense, as if the transactions had occurred on January 1, 2014 and January 1, 2013, respec (in thousands, except per share data):

	Years Ended December 31, 2015	2014
Net revenue	$ 2,946,467	$ 2,945,493
Net income	343,575	345,517
Net income per common share (1):		
Basic	$ 3.69	$ 3.50
Diluted	$ 3.66	$ 3.46
Weighted average common shares (1):		
Basic	93,077	98,588
Diluted	93,960	99,887

(1) The comparison of net income per common share is affected by the changes in the number of w average shares outstanding in each period.

The pro forma results do not necessarily represent results which would have occurred if the acquisit taken place at the beginning of the periods indicated, nor are they indicative of the results of future combined operations.

7. Goodwill and Intangible Assets:

Goodwill was $3.4 billion and $2.8 billion at December 31, 2015 and 2014, respectively. The chang carrying amount of goodwill of approximately $590.0 million during the year ended December 31, primarily related to the Company s 2015 acquisitions. The Company expects that approximately $8 million of the goodwill recorded during the year ended December 31, 2015 will be deductible for ta purposes. The change in the carrying amount of goodwill during the year ended December 31, 2014 approximately $382.5 million related to the 2014 acquisitions.

Intangible assets, net, consist of the following (in thousands):

	December 31, 2015			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weigh Avera Amortiz Perio (1) (in yea
Physician and hospital agreements	$ 265,465	$ (130,050)	$ 135,415	
Customer relationships	248,880	(10,612)	238,268	
Trade names	28,620	(597)	28,023	
Patented technology	24,230	(1,717)	22,513	
	$ 567,195	$ (142,976)	$ 424,219	

(1) The weighted average amortization period includes amortization expense related to years beyo
of approximately $229.3 million.

Table of Contents

	December 31, 2014			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weigh Avera Amortiz Perio (2) (in yea
Physician and hospital agreements	$ 216,458	$ (98,145)	$ 118,313	
Customer relationships	75,460	(2,634)	72,826	
Trade names	7,150	(153)	6,997	
	$ 299,068	$ (100,932)	$ 198,136	

(2) The weighted average amortization period includes amortization expense related to years beyon of approximately $69.1 million.

The change in the carrying amount of intangible assets, net of approximately $226.1 million during ended December 31, 2015 is primarily related to the Company s 2015 acquisitions.

Amortization expense for other intangible assets was $42.0 million, $30.1 million and $24.5 millio years ended December 31, 2015, 2014 and 2013, respectively.

Amortization expense for existing other intangible assets for the next five years is expected to be as (in thousands):

2016	$ 48,967
2017	43,173
2018	38,639
2019	34,600
2020	29,535

8. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses consist of the following (in thousands):

	December 31,	
	2015	2014
Accounts payable	$ 21,969	$ 32,783
Accrued salaries and bonuses	233,499	231,390
Accrued payroll taxes and benefits	58,979	49,858
Accrued professional liability	25,995	19,718
Accrued contingent consideration	13,565	17,010
Accrual for uncertain tax positions	7,000	
Other accrued expenses	34,800	29,899
	$ 395,807	$ 380,658

9. Accrued Professional Liability:

At December 31, 2015 and 2014, the Company s total accrued professional liability of $202.5 mill $168.4 million, respectively, includes incurred but not reported loss reserves of $142.4 million and million, respectively, and loss reserves for reported claims associated with self-insured retention am

through the Company s wholly owned captive insurance subsidiary of $60.1 million and $47.8 mil
respectively.

Table of Contents

The activity related to the Company s total accrued professional liability for the years ended Decem 2015, 2014 and 2013 is as follows (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Balance at beginning of year	$ 168,369	$ 158,691	$ 137,036
Assumed liabilities through acquisition	35,968		
Provision (adjustment) for losses related to:			
Current year	39,204	39,386	41,235
Prior years	(25,797)	(16,125)	(8,100)
Total provision for losses	13,407	23,261	33,135
Claim payments related to:			
Current year	(1,382)	(293)	(741)
Prior years	(13,835)	(13,290)	(10,739)
Total payments	(15,217)	(13,583)	(11,480)
Balance at end of year	$ 202,527	$ 168,369	$ 158,691

The net increases in the Company s total accrued professional liability for the years ended Decemb 2015 and 2014, are primarily attributable to liabilities assumed through an acquisition and increases current year provision for losses as a result of the increase in the number of physicians insured due acquisitions and internal growth, offset by claim payments and adjustments to the provision for loss related to prior years resulting from favorable trends in the Company s claims experience.

10. Long-Term Debt and Capital Lease Obligations:

In June 2015, the Company entered into an amendment to its existing credit agreement dated as of October 29, 2014 (as amended, the Credit Agreement), in order to exercise the accordion feature increase the total revolving loan commitments from $1.3 billion to $1.7 billion. The Credit Agreem provides for a $1.7 billion unsecured revolving credit facility and a $200.0 million term loan and in $75.0 million sub-facility for swingline loans and a $37.5 million sub-facility for the issuance of let credit. The Company may increase the Credit Agreement to up to $2.2 billion on an unsecured basis subject to the satisfaction of specified conditions. The Credit Agreement matures on October 29, 20 is guaranteed by substantially all of the Company s subsidiaries and affiliated professional contract the Company s option, borrowings under the Credit Agreement (other than swingline loans) will be interest at (i) the Alternate Base Rate (defined as the higher of (a) the prime rate, (b) the Federal Fu plus 1/2 of 1.00% and (c) LIBOR for an interest period of one month plus 1.00%) plus an applicable rate ranging from 0.125% to 0.750% based on the Company s consolidated leverage ratio or (ii) the rate plus an applicable margin rate ranging from 1.125% to 1.750% based on the Company s conso leverage ratio. Swingline loans will bear interest at the alternate base rate plus the applicable margin Credit Agreement also calls for other customary fees and charges, including an unused commitmen ranging from 0.150% to 0.300% of the unused lending commitments, based on the Company s con leverage ratio.

The Credit Agreement contains customary covenants and restrictions, including covenants that requ Company to maintain a minimum interest coverage ratio, not to exceed a specified consolidated lev ratio and to comply with laws. The Credit Agreement permits the Company to pay dividends and m certain other distributions, subject to limitations specified therein. Failure to comply with these cov would constitute an event of default under the Credit Agreement, notwithstanding the ability of the Company to meet its debt service obligations. The Credit Agreement also includes various customa remedies for the lenders following an event of default, including the acceleration of repayment of

outstanding amounts under the Credit Agreement. At December 31, 2015, the Company believes it
compliance, in all material respects, with the financial covenants and other restrictions applicable u
Credit Agreement.

Table of Contents

On December 8, 2015, the Company completed a private offering of $750.0 million aggregate princ amount of 5.25% senior unsecured notes due 2023 (the 2023 Senior Notes). The Company s ob under the 2023 Senior Notes are guaranteed on an unsecured senior basis by the same subsidiaries a affiliated professional contractors that guarantee the Credit Agreement. Interest on the 2023 Senior accrues at the rate of 5.25% per annum and is payable semi-annually in arrears on June 1 and Dece beginning on June 1, 2016.

At any time prior to December 1, 2018, the Company may redeem all or a portion of the 2023 Senio at a redemption price equal to 100% of the principal amount of the notes being redeemed plus an ap redemption premium and accrued and unpaid interest to the redemption date. In addition, at any tim to December 1, 2018, the Company may redeem up to 35% of the aggregate principal amount of the Senior Notes at a redemption price of 105.250% of the principal amount thereof, plus accrued and u interest, if any, to the redemption date, using proceeds from one or more equity offerings. On or aft December 1, 2018, the Company may redeem all or a portion of the 2023 Senior Notes, at the reden prices of 103.938% in 2018, 102.625% in 2019, 101.313% in 2020 and 100% in 2021 and thereafte accrued and unpaid interest to the redemption date.

The indenture under which the 2023 Senior Notes are issued, among other things, limits our ability (1) incur liens and (2) enter into sale and lease-back transactions, and also limits our ability to merg dispose of all or substantially all of our assets, in all cases, subject to a number of customary except Although we are not required to make mandatory redemption or sinking fund payments with respec 2023 Senior Notes, upon the occurrence of a change in control of MEDNAX, we may be required t repurchase the 2023 Senior Notes at a purchase price equal to 101% of the aggregate principal amo the 2023 Senior Notes repurchased plus accrued and unpaid interest.

As of December 31, 2015, the Company adopted the accounting guidance that issuance costs relate recognized long-term debt liability, other than revolving credit arrangements, be presented in the ba sheet as a direct deduction from the carrying value of that long-term debt.

Long-term debt consists of the following (in thousands):

	December 31, 2015		
	Principal	Unamortized Debt Issuance Costs	Total
5.25% Senior Unsecured Notes due 2023	$ 750,000	$ (12,695)	$ 737,305
Revolving line of credit	343,500		343,500
Term loan	190,000	(401)	189,599
	1,283,500	(13,096)	1,270,404
Less: Current portion	(10,000)		(10,000)
Long-term portion	$ 1,273,500	$ (13,096)	$ 1,260,404

Table of Contents

	Principal	December 31, 2014 Unamortized Debt Issuance Costs	Total
Revolving line of credit	$ 368,000	$	$ 368,000
Term loan	200,000	(547)	199,453
	568,000	(547)	567,453
Less: Current portion	(10,000)		(10,000)
Long-term portion	$ 558,000	$ (547)	$ 557,453

The Company has outstanding letters of credit which reduced the amount available under the Credit Agreement by $0.2 million at December 31, 2015. At December 31, 2015, the Company had an ava balance on its Credit Agreement of $1.4 billion.

Aggregate annual maturities of the Company s term loan and 2023 Senior Notes as of December 3 are as follows (in thousands):

2016	$ 10,000
2017	20,000
2018	30,000
2019	130,000
Thereafter	750,000

The Company s capital lease obligations consist of the following (in thousands):

	December 31, 2015	2014
Capital lease obligations	$ 4,299	$ 1,320
Less: Current portion	(1,883)	(465)
Long-term portion	$ 2,416	$ 855

The amounts due under the terms of the Company s capital lease obligations at December 31, 2015 follows:

2016	$ 1,883
2017	1,632
2018	738
2019	46

Table of Contents

11. Income Taxes:

The components of the income tax provision are as follows (in thousands):

	December 31,		
	2015	2014	2013
Federal:			
Current	$ 168,596	$ 167,745	$ 134,938
Deferred	12,866	2,262	14,784
	181,462	170,007	149,722
State:			
Current	20,948	21,109	17,037
Deferred	1,628	297	1,136
	22,576	21,406	18,173
Total	$ 204,038	$ 191,413	$ 167,895

The Company files its tax return on a consolidated basis with its subsidiaries. The remaining affiliat professional contractors file tax returns on an individual basis.

The effective tax rate was 37.76%, 37.63% and 37.44% for the years ended December 31, 2015, 20 2013, respectively.

The differences between the effective rate and the United States federal income tax statutory rate ar follows:

	December 31,		
	2015	2014	2013
Tax at statutory rate	35.00%	35.00%	35.00%
State income tax, net of federal benefit	2.97	2.74	2.63
Non-deductible expenses	0.34	0.33	0.27
Change in accrual estimates relating to uncertain tax positions	(0.43)	(0.59)	(0.48)
Change in valuation allowance	0.29		
Other, net	(0.41)	0.15	0.02
Income tax provision	37.76%	37.63%	37.44%

Table of Contents

The Company adopted the accounting guidance related to deferred income taxes, and accordingly, a
deferred tax assets and liabilities are classified as long-term for the year ended December 31, 2015.
significant components of deferred income tax assets and liabilities are as follows (in thousands):

	December 31, 2015
Allowance for uncollectible accounts	$ 82,928
Reserves and accruals	66,655
Stock-based compensation	13,662
Net operating loss carryforward	51,505
Property and equipment	3,116
Other	2,723
Deferred tax assets before valuation allowance	220,589
Less: Valuation allowance	(1,552)
Deferred tax assets, net of valuation allowance	219,037
Gross deferred tax liabilities:	
Amortization	(311,303)
Accrual to cash adjustment	(55,046)
Other	(6,693)
Total deferred tax liabilities	(373,042)
Net deferred tax liability	$ (154,005)

Deferred income tax assets and liabilities have not been retrospectively classified as long-term for t
ended December 31, 2014. The significant components of deferred tax assets and liabilities for the y
ended December 31, 2014 are as follows (in thousands):

	December 31, 2014		
	Total	Current	Non-Current
Allowance for uncollectible accounts	$ 48,178	$ 48,178	$
Reserves and accruals	62,708	26,066	36,642
Stock-based compensation	14,354	8,346	6,008
Net operating loss carryforward	10,933	1,504	9,429
Property and equipment	1,524		1,524
Other	1,461	583	878
Total deferred tax assets	139,158	84,677	54,481
Amortization	(214,968)		(214,968)
Accrual to cash adjustment	(38,524)	(38,524)	
Other	(192)	(192)	
Total deferred tax liabilities	(253,684)	(38,716)	(214,968)
Net deferred tax (liability) asset	$ (114,526)	$ 45,961	$ (160,487)

The income tax benefit related to the exercise of stock options, the vesting of restricted and deferred and the purchase of shares under the Company s non-qualified employee stock purchase plan in ex amounts recorded as equity compensation expense reduces taxes currently payable and is credited t additional paid-in capital. Such amounts totaled approximately $11.6 million, $17.5 million, and $1 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The Company has net operating loss carryforwards for federal and state tax purposes totaling appro $136.6 million, $29.0 million, and $16.9 million at December 31, 2015, 2014 and 2013, respectivel expiring at

Table of Contents

various times in 2019 through 2035. The changes in net operating loss carryforwards in 2015 and 2 primarily due to timing differences related to the recognition of income for tax purposes associated acquisitions.

As of December 31, 2015, 2014 and 2013, the Company s liability for uncertain tax positions, excl accrued interest and penalties, was $18.4 million, $17.2 million and $14.9 million, respectively. The Company had approximately $17.1 million of uncertain tax positions that, if recognized, would fav impact its effective tax rate at December 31, 2015.

The following table summarizes the activity related to the Company s liability for uncertain tax po the years ended December 31, 2015, 2014 and 2013 (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Balance at beginning of year	$ 17,165	$ 14,902	$ 13,072
Increases related to prior year tax positions	467	40	338
Decreases related to prior year tax positions	(1,168)		(38)
Increases related to current year tax positions	3,675	3,750	2,955
Decreases related to lapse of statutes of limitations	(1,692)	(1,527)	(1,425)
Balance at end of year	$ 18,447	$ 17,165	$ 14,902

During the years ended December 31, 2015 and 2014, the Company increased its liability for uncer positions by a total of $1.2 million and $2.3 million, respectively, primarily related to additional tax current year positions, partially offset by decreases due to the expiration of statutes of limitation an year tax positions.

During the third quarter of 2015, the Company entered into settlement discussions with a taxing aut regarding a tax matter. In connection with these settlement discussions, the Company believes that reasonably possible that its liability for uncertain tax positions may be decreased by approximately million to $9.0 million over the next 12 months, all of which would favorably impact the Company effective tax rate.

In addition, the Company anticipates that its liability for uncertain tax positions will be increased by approximately $2.5 million for additional taxes and decreased by approximately $1.9 million relate expiration of certain statutes of limitation over the next 12 months.

The Company includes interest and penalties related to income tax liabilities in income tax expense Company recognized a net increase of $0.6 million and $0.3 million related to interest and penalties the years ended December 31, 2015 and 2014, respectively. The Company recognized a net decreas $0.6 million in interest and penalties related to income tax liabilities during the year ended Decemb 2013. At December 31, 2015 and 2014, the Company s accrued liability for interest and penalties r income tax liabilities totaled $9.3 million and $8.7 million, respectively.

The Company is currently subject to U.S. Federal and various state income tax examinations for the years 2004 through 2014.

Table of Contents

12. Common and Common Equivalent Shares:

The calculation of shares used in the basic and diluted net income per share calculation for the years December 31, 2015, 2014 and 2013 is as follows (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Weighted average number of common shares outstanding	93,077	98,588	99,1
Weighted average number of dilutive common share equivalents	883	1,299	1,8
Weighted average number of common and common equivalent shares outstanding	93,960	99,887	100,9
Antidilutive securities not included in the diluted net income per common share calculation		1	

13. Stock Incentive Plans and Stock Purchase Plans:

The Company s Amended and Restated 2008 Incentive Compensation Plan, as amended (the Am Restated 2008 Incentive Plan) provides for grants of stock options, stock appreciation rights, restri stock, deferred stock, and other stock-related awards and performance awards that may be settled in stock or other property.

Under the Amended and Restated 2008 Incentive Plan, options to purchase shares of common stock granted at a price not less than the fair market value of the shares on the date of grant. The options m exercised within 10 years from the date of grant and generally become exercisable on a pro rata bas three-year period from the date of grant. The Company issues new shares of its common stock upon exercise of its stock options. Restricted stock awards generally vest over periods of three years upon fulfillment of specified service-based conditions and in certain instances performance-based conditi Deferred stock awards generally vest upon the satisfaction of specified performance-based conditio service-based conditions. The Company recognizes compensation expense related to its restricted st deferred stock awards ratably over the corresponding vesting periods. At December 31, 2015, the C had approximately 5.4 million shares available for future grants and awards under its Amended and Restated 2008 Incentive Plan.

On November 3, 2015, the Company s shareholders approved an amendment to the Company s 19 Non-Qualified Employee Stock Purchase Plan, as amended (the ESPP) to increase the number of issuable under the ESPP. Under the ESPP, employees are permitted to purchase the Company s co stock at 85% of market value on January 1st, April 1st, July 1st and October 1st of each year. Also November 3, 2015, the Company s shareholders approved the creation of the 2015 Non-Qualified Purchase Plan (the SPP) which allows certain eligible non-employee service providers to purcha Company s common stock at 90% of market value on January 1st, April 1st, July 1st and October each year upon the SPP s effective date of January 1, 2016.

Each of the ESPP and the SPP provide for the issuance of an of aggregate 2.5 million shares of the Company s common stock less the number of shares of common stock purchased under the other p accordance with the provisions of the accounting guidance for stock-based compensation, the Comp recognizes stock-based compensation expense for the discount received by participating employees non-employee service providers. During the year ended December 31, 2015, approximately 234,000 were issued under the ESPP. At December 31, 2015, the Company had approximately 2.6 million sh aggregate reserved for issuance under the ESPP and SPP.

The Company recognized approximately $32.1 million, $31.7 million and $31.3 million of stock-ba
compensation expense related to its stock incentive plans and the ESPP during the years ended
December 31, 2015, 2014 and 2013, respectively.

Table of Contents

The activity related to the Company s restricted and deferred stock awards and the corresponding v
average grant-date fair values for the year ended December 31, 2015 are as follows:

	Number of Shares	Weighted Average Fair Value
Non-vested shares at January 1, 2015	1,271,044	$ 46.80
Awarded	483,423	$ 70.44
Forfeited	(29,974)	$ 55.77
Vested	(710,702)	$ 44.43
Non-vested shares at December 31, 2015	1,013,791	$ 61.50

The aggregate fair value of the restricted and deferred stock that vested during the years ended
December 31, 2015, 2014 and 2013 was approximately $31.6 million, $28.2 million and $33.3 mill
respectively.

The weighted average grant-date fair value of restricted and deferred stock awards that were grante
the years ended December 31, 2015, 2014 and 2013 was $70.44, $57.73 and $46.48, respectively.

At December 31, 2015, the total stock-based compensation cost related to non-vested restricted stoc
remaining to be recognized as compensation expense over a weighted-average period of approxima
years was $28.7 million.

The Company did not grant any stock options during 2015 or 2014, and all stock-based compensati
related to stock options has been recognized. The activity and certain other information related to th
Company s outstanding stock option awards for the year ended December 31, 2015 are as follows:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggreg Intrins Valu (in milli
Outstanding at January 1, 2015	814,094	$ 27.57		
Exercised	(228,707)	$ 26.58		$ 1
Outstanding and exercisable at December 31, 2015	585,387	$ 27.96	2.7	$ 2

The aggregate intrinsic value of stock options exercised during the years ended December 31, 2015
and 2013 was $25.6 million, $38.8 million and $35.4 million, respectively.

The net excess tax benefit recognized in additional paid-in capital related primarily to stock options
restricted stock and deferred stock for the years ended December 31, 2015, 2014 and 2013 was
approximately $11.6 million, $17.5 million and $19.0 million, respectively. The cash proceeds rece
from the exercise of stock options for the years ended December 31, 2015, 2014 and 2013 were
approximately $6.1 million, $30.1 million and $18.9 million, respectively.

14. Common Stock Repurchase Programs:

In July 2013, the Company s Board of Directors authorized the repurchase of shares of the Compa common stock up to an amount sufficient to offset the dilutive impact from the issuance of shares u Company s equity compensation programs. The share repurchase program allows the Company to open

market purchases from time-to-time based on general economic and market conditions and trading restrictions. The repurchase program also allows for the repurchase of shares of the Company s co stock to offset the dilutive impact from the issuance of shares, if any, related to the Company s acq program. In October 2014, the Company announced that its Board of Directors had authorized the repurchase of up to $600.0 million of shares of the Company s common stock in addition to its exi share repurchase program.

In December 2014, the Company entered into uncollared accelerated share repurchase (ASR) ag with an investment bank. Under the ASR agreement, the Company agreed to purchase $200.0 milli common stock in total. On December 17, 2014, the Company paid a total of $200.0 million to an investment bank, which in turn delivered to the Company approximately 2.5 million shares of the Company s common stock in total based on the market price of a share of Company common stoc December 12, 2014. The payment was recorded as a reduction to the respective components of shar equity. The final number of shares of common stock that the Company may receive, or may be requ remit, upon settlement under the ASR agreement was to be based upon the average daily volume weighted-average price of the Company s common stock during the term of the ASR agreement, le negotiated discount. The ASR agreement was funded by borrowings under the Company s Credit Agreement discussed in Note 10. Final settlement of the ASR occurred in July 2015 with the delive Company of 0.3 million additional shares of common stock. The final number of shares of common that the Company received was based upon the average daily volume weighted-average price of the Company s common stock during the term of the ASR agreement, less a negotiated discount.

In March 2015, the Company entered into a second uncollared ASR agreement with an investment Under the ASR agreement, the Company agreed to purchase $200.0 million of its common stock in On March 16, 2015, the Company paid a total of $200.0 million to an investment bank, which in tu delivered to the Company approximately 2.2 million shares of the Company s common stock in tot on the market price of a share of Company common stock on March 12, 2015. The ASR agreement funded by borrowings under the Company s Credit Agreement, and the payment was recorded as a to the respective components of shareholders equity. Final settlement of the ASR occurred in Octo with the delivery to the Company of 0.3 million additional shares of common stock. The final numb shares of common stock that the Company received was based upon the average daily volume weighted-average price of the Company s common stock during the term of the ASR agreement, le negotiated discount.

During the year ended December 31, 2015, the Company repurchased approximately 3.4 million sh its common stock for approximately $235.1 million, inclusive of shares delivered to the Company u ASR agreements, and 18,282 shares withheld to satisfy minimum stock withholding obligations of million in connection with the vesting of restricted stock units. The Company intends to utilize vari methods to effect any additional share repurchases, including, among others, open market purchase accelerated share repurchase programs. The amount and timing of repurchases will depend upon se factors, including general economic and market conditions and trading restrictions.

15. Retirement Plans:

The Company maintains five qualified contributory savings plans as allowed under Section 401(k) Internal Revenue Code and Section 1165(e) of the Puerto Rico Income Tax Act of 1954 (the 401(The 401(k) Plans permit participant contributions and allow elective and, in certain situations, non- Company contributions based on each participant s contribution or a specified percentage of eligib Participants may defer a percentage of their annual compensation subject to the limits defined in the Plans. The Company recorded expense of $39.7 million, $34.3 million and $29.8 million for the yea ended December 31, 2015, 2014 and 2013, respectively, primarily related to the 401(k) Plans.

Table of Contents

16. Commitments and Contingencies:

The Company expects that audits, inquiries and investigations from government authorities and age will occur in the ordinary course of business. Such audits, inquiries and investigations and their ulti resolutions, individually or in the aggregate, could have a material adverse effect on the Company business, financial condition, results of operations, cash flows and the trading price of its common s The Company has not included an accrual for these matters as of December 31, 2015 in its Consolid Financial Statements, as the variables affecting any potential eventual liability depend on the curren unknown facts and circumstances that arise out of, and are specific to, any particular future audit, in and investigation and cannot be reasonably estimated at this time.

In the ordinary course of business, the Company becomes involved in pending and threatened legal and proceedings, most of which involve claims of medical malpractice related to medical services p by the Company s affiliated physicians. The Company s contracts with hospitals generally require Company to indemnify them and their affiliates for losses resulting from the negligence of the Com affiliated physicians. The Company may also become subject to other lawsuits which could involve claims and significant costs. The Company believes, based upon a review of pending actions and proceedings, that the outcome of such legal actions and proceedings will not have a material advers on its business, financial condition, results of operations, cash flows and the trading price of its secu The outcome of such actions and proceedings, however, cannot be predicted with certainty and an unfavorable resolution of one or more of them could have a material adverse effect on the Company business, financial condition, results of operations, cash flows and the trading price of its securities.

Although the Company currently maintains liability insurance coverage intended to cover professio liability and certain other claims, the Company cannot assure that its insurance coverage will be ade cover liabilities arising out of claims asserted against it in the future where the outcomes of such cla unfavorable. With respect to professional liability risk, the Company generally self-insures a portion risk through its wholly owned captive insurance subsidiary. Liabilities in excess of the Company s coverage, including coverage for professional liability and certain other claims, could have a materi adverse effect on the Company s business, financial condition, results of operations, cash flows and trading price of its securities.

The Company leases space for its regional, medical and business offices, storage space and tempora housing of medical staff. The Company also leases an aircraft. Rent expense for the years ended December 31, 2015, 2014 and 2013 was approximately $31.6 million, $27.8 million, and $26.4 mil respectively.

Future minimum lease payments under non-cancelable operating leases as of December 31, 2015 ar follows (in thousands):

2016	$ 29,856
2017	23,045
2018	17,856
2019	11,691
2020	7,402
Thereafter	11,911
	$ 101,761

Table of Contents

17. Selected Quarterly Financial Information (Unaudited):

The following tables set forth a summary of the Company s selected quarterly financial informatio
of the four quarters ended December 31, 2015 and 2014 (in thousands, except for per share data):

	2015 Quarters			
	First	Second	Third	F
Net revenue	$ 639,395	$ 676,588	$ 722,273	$ 7
Operating expenses:				
Practice salaries and benefits	419,595	422,803	450,033	4
Practice supplies and other operating expenses	23,431	24,878	24,007	
General and administrative expenses	67,936	72,401	80,185	
Depreciation and amortization	13,612	15,549	16,918	
Total operating expenses	524,574	535,631	571,143	5
Income from operations	114,821	140,957	151,130	1
Investment and other income	142	384	567	
Interest expense	(3,267)	(5,149)	(6,201)	
Equity in earnings of unconsolidated affiliate	821	745	784	
Total non-operating expenses	(2,304)	(4,020)	(4,850)	
Income before income taxes	112,517	136,937	146,280	1
Income tax provision	43,928	52,889	55,640	
Net income	68,589	84,048	90,640	
Net loss attributable to noncontrolling interests	118	82	141	
Net income attributable to MEDNAX, Inc.	$ 68,707	$ 84,130	$ 90,781	$
Per common and common equivalent share data (1):				
Net income attributable to MEDNAX, Inc.:				
Basic	$ 0.73	$ 0.91	$ 0.98	$
Diluted	$ 0.72	$ 0.90	$ 0.97	$
Weighted average common shares:				
Basic	94,231	92,500	92,949	
Diluted	95,325	93,495	93,646	

(1) Basic and diluted per share amounts are computed for each of the periods presented. Accordingly, the sum of the quarterly per share amounts may not agree with the full year amount.

Table of Contents

	2014 Quarters			
	First	Second	Third	F
Net revenue	$ 566,338	$ 595,544	$ 626,506	$ 6
Operating expenses:				
Practice salaries and benefits	372,040	372,216	394,794	4
Practice supplies and other operating expenses	21,417	22,466	21,570	
General and administrative expenses	58,414	60,829	60,643	
Depreciation and amortization	10,370	10,361	11,356	
Total operating expenses	462,241	465,872	488,363	5
Income from operations	104,097	129,672	138,143	1
Investment and other income	1,635	335	563	
Interest expense	(1,371)	(2,188)	(2,019)	
Equity in earnings of unconsolidated affiliate		150	725	
Total non-operating expenses	264	(1,703)	(731)	
Income before income taxes	104,361	127,969	137,412	1
Income tax provision	40,701	48,944	51,174	
Net income	63,660	79,025	86,238	
Net (income) loss attributable to noncontrolling interests		(9)	(31)	
Net income attributable to MEDNAX, Inc.	$ 63,660	$ 79,016	$ 86,207	$
Per common and common equivalent share data (1):				
Net income attributable to MEDNAX, Inc.:				
Basic	$ 0.64	$ 0.80	$ 0.87	$
Diluted	$ 0.63	$ 0.79	$ 0.86	$
Weighted average common shares:				
Basic	99,076	98,411	99,088	
Diluted	100,696	99,866	100,145	

(1) Basic and diluted per share amounts are computed for each of the periods presented. Accordingly, the sum of the quarterly per share amounts may not agree with the full year amount.

Table of Contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNT AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclo controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchang 1934, as amended). Based upon that evaluation, the Chief Executive Officer and Chief Financial Of have concluded that our disclosure controls and procedures were effective as of the end of the perio covered by this report.

Management s Annual Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal cont financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exch Act of 1934, as amended. The Company s internal control over financial reporting includes those p and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately an reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assura transactions are recorded as necessary to permit preparation of financial statements in accordance w generally accepted accounting principles, and that receipts and expenditures of the Company are be made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding the prevention or timely detection of unauthorized acqu use, or disposition of the Company s assets that could have a material effect on the Company s fin statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the r of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, intern control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadeq because of changes in conditions, or that the degree of compliance with the policies or procedures m deteriorate.

Management assessed the effectiveness of the Company s internal control over financial reporting end of the period covered by this report. In making this assessment, management used the criteria se by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Intern Control Integrated Framework (2013). Based on our assessment we concluded that, as of the end period covered by this report, the Company s internal control over financial reporting was effective those criteria.

Management has excluded the operations of Virtual Radiologic Corporation (vRad) from its asse internal control over financial reporting as of December 31, 2015 because vRad was acquired by the Company in a purchase business combination during 2015. The operations of vRad represent appro 1% of the Company s consolidated total assets and 4% of the Company s consolidated net revenue respectively, as of, and for the year ended, December 31, 2015.

Table of Contents

The Company s independent registered certified public accounting firm, PricewaterhouseCoopers
audited our internal control over financial reporting as of December 31, 2015 as stated in their repo
appears in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting occurred during our last fiscal quarter tha
materially affected, or is reasonably likely to materially affect, our internal control over financial re

Table of Contents

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference to the applicable information in t
definitive proxy statement for our 2016 Annual Meeting of Shareholders, which is to be filed with t
within 120 days after our fiscal year end.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the applicable information in t
definitive proxy statement for our 2016 Annual Meeting of Shareholders, which is to be filed with t
within 120 days after our fiscal year end.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The following table provides information as of December 31, 2015, with respect to shares of our co
stock that may be issued under existing equity compensation plans, including our Amended and Re
2008 Incentive Compensation Plan, as amended (Amended and Restated 2008 Incentive Plan), o
Incentive Compensation Plan, as amended (2004 Incentive Plan), our Amended and Restated Sto
Plan, as amended (the Option Plan), our ESPP and our SPP.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities available f future issua under equi compensati plans (exclud securities reflected in co (a)) (c)
Equity compensation plans approved by security holders	585,387(1)	$ 27.96	7,996
Equity compensation plans not approved by security holders	N/A	N/A	
Total	585,387	$ 27.96	7,996

(1) Represents 384,963 shares issuable under the Amended and Restated 2008 Incentive Plan and 20
shares issuable under the 2004 Incentive Plan.

(2) Under the Amended and Restated 2008 Incentive Plan, 5,395,663 shares remain available for fu
issuance, and under the ESPP and the SPP, an aggregate of 2,600,737 shares remain available fo
issuance.

The remaining information required by this Item is incorporated by reference to the applicable infor
in the definitive proxy statement for our 2016 Annual Meeting of Shareholders, which is to be filed

SEC within 120 days after our fiscal year end.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECT INDEPENDENCE

The information required by this Item is incorporated by reference to the applicable information in t definitive proxy statement for our 2016 Annual Meeting of Shareholders, which is to be filed with t within 120 days after our fiscal year end.

Table of Contents

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference to the applicable information in t
definitive proxy statement for our 2016 Annual Meeting of Shareholders, which is to be filed with t
within 120 days after our fiscal year end.

Table of Contents

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a)(1) Financial Statements

The information required by this Item is included in Item 8 of Part II of this Form 10-K.

(a)(2) Financial Statement Schedules

The following financial statement schedule for the years ended December 31, 2015, 2014 and 2013 included in this Form 10-K as set forth below (in thousands).

MEDNAX, INC.

Schedule II: Valuation and Qualifying Accounts

	Years Ended December 31,		
	2015	**2014**	**2**
Allowance for contractual adjustments and uncollectibles:			
Balance at beginning of year	$ 848,767	$ 712,285	$ 6
Amount charged against operating revenue	6,389,195	5,403,437	4,6
Accounts receivable contractual adjustments and write-offs (net of recoveries)	(6,108,661)	(5,266,955)	(4,6
Balance at end of year	$ 1,129,301	$ 848,767	$ 7

All other schedules have been omitted because they are not applicable, not required or the informati included elsewhere herein.

(a)(3) Exhibits

See Item 15(b) of this Form 10-K.

(b) Exhibits

2.1	Agreement and Plan of Merger, dated as of December 29, 2008, between MEDNAX, In Pediatrix Medical Group, Inc. and PMG Merger Sub, Inc. (incorporated by reference to 2.1 to MEDNAX s Current Report on Form 8-K dated January 2, 2009).
3.1	Composite Articles of Incorporation of MEDNAX, Inc. (incorporated by reference to Ex 3.1 to MEDNAX s Annual Report on Form 10-K for the period ended December 31, 20
3.2	Amended and Restated By-laws of MEDNAX, Inc. (incorporated by reference to Exhibi MEDNAX s Current Report on Form 8-K dated January 2, 2009).
10.1	Form of 5.25% Senior Notes due 2023 (incorporated by reference to Exhibit A of the Fi Supplemental Indenture filed as Exhibit 4.3 to MEDNAX s Current Report on Form 8- December 8, 2015).

10.2	Indenture, dated as of December 8, 2015, by and between MEDNAX, Inc. and U.S. Ban National Association, as Trustee. (incorporated by reference to Exhibit 4.2 to MEDNAX Current Report on Form 8-K dated December 8, 2015).

Table of Contents

10.3	First Supplemental Indenture dated as of December 8, 2015 to Indenture, dated as of De 8, 2015, by and among MEDNAX, Inc., certain of its subsidiaries and U.S. Bank Nation Association, as Trustee. (incorporated by reference to Exhibit 4.3 to MEDNAX s Curre on Form 8-K dated December 8, 2015).
10.4	Credit Agreement, dated as of October 29, 2014, among MEDNAX, Inc., certain of its d subsidiaries from time to time party thereto as Guarantors, the Lender parties thereto, JP Chase Bank, N.A., as Administrative Agent and Wells Fargo Bank, National Associatio Bank National Association and Bank of America, N.A. as Co-Syndication Agents and B Compass, Citizens Bank, National Association, Fifth Third Bank, SunTrust Bank and Th of Tokyo-Mitsubishi UFJ, Ltd. as Co-Documentation Agents. (incorporated by referenc Exhibit 10.1 to MEDNAX s Quarterly Report on Form 10-Q for the period ended Septe 2014).
10.5	Amendment No. 1 to Credit Agreement, dated as of June 5, 2015, among MEDNAX, In certain of its domestic subsidiaries party thereto as Guarantors, the Lenders party thereto JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Ex 10.2 to MEDNAX, Inc. s Current Report on Form 8-K dated June 9, 2015).
10.6	Amended and Restated Stock Option Plan of Pediatrix dated as of June 4, 2003 (incorpo reference to Exhibit 10.5 to Pediatrix s Quarterly Report on Form 10-Q for the period e June 30, 2003).*
10.7	First Amendment, dated December 29, 2008, to Pediatrix Medical Group, Inc. Amende Restated Stock Option Plan (incorporated by reference to Exhibit 10.7 to MEDNAX s Report on Form 8-K dated January 2, 2009).*
10.8	Amended and Restated MEDNAX, Inc. 1996 Non-Qualified Employee Stock Purchase (incorporated by reference to Exhibit A to MEDNAX s Definitive Proxy Statement on 14A, filed with the SEC on September 18, 2015).*
10.9	2015 Non-Qualified Stock Purchase Plan of MEDNAX, Inc., dated September 14, 2015 (incorporated by reference to Exhibit B to MEDNAX s Proxy Statement dated Septemb 2015).*
10.10	Executive Non-Qualified Deferred Compensation Plan of Pediatrix, dated October 13, 1 (incorporated by reference to Exhibit 10.35 to Pediatrix s Quarterly Report on Form 10 period ended June 30, 1998).*
10.11	Amended and Restated Thrift and Profit Sharing Plan of Pediatrix (incorporated by refe Exhibit 4.5 to Pediatrix s Registration Statement on Form S-8 (Registration No. 333-10
10.12	Pediatrix Medical Group of Puerto Rico Thrift and Profit Sharing Plan (incorporated by reference to Exhibit 4.3 to Pediatrix s Registration Statement on Form S-8 dated Decen 2004).*
10.13	Pediatrix Medical Group, Inc. 2004 Incentive Compensation Plan (incorporated by refer Exhibit A of Pediatrix s Proxy Statement on Schedule 14A dated April 9, 2004).*
10.14	Second Amendment, dated December 29, 2008, to Pediatrix Medical Group, Inc. 2004 I Compensation Plan (incorporated by reference to Exhibit 10.8 to MEDNAX s Current Form 8-K dated January 2, 2009).*
10.15	MEDNAX, Inc. Amended and Restated 2008 Incentive Compensation Plan, as amended (incorporated by reference to Exhibit 10.1 to MEDNAX s Current Report on Form 8-K February 19, 2014).*
10.16	Pediatrix Medical Group, Inc. Form of Stock Option Agreement for Stock Options Awa Under the Amended and Restated Stock Option Plan (incorporated by reference to Exhi to Pediatrix s Current Report on Form 8-K dated February 23, 2005).*

Table of Contents

10.17	Pediatrix Medical Group, Inc. Form of Incentive Stock Option Agreement for Incent Stock Options Awarded Under the 2004 Incentive Compensation Plan (incorporated reference to Exhibit 10.4 to Pediatrix s Current Report on Form 8-K dated February 2005).*
10.18	Pediatrix Medical Group, Inc. Form of Non-Qualified Stock Option Agreement for Non-Qualified Stock Options Awarded Under the 2004 Incentive Compensation Plan (incorporated by reference to Exhibit 10.5 to Pediatrix s Current Report on Form 8-K February 23, 2005).*
10.19	Pediatrix Medical Group, Inc. Form of Restricted Stock Agreement for Restricted St Awarded Under the 2004 Incentive Compensation Plan (incorporated by reference to 10.5 to Pediatrix s Current Report on Form 8-K dated February 23, 2005).*
10.20	MEDNAX, Inc. Form of Non-Qualified Stock Option Agreement for Non-Qualified Options Awarded Under the 2008 Incentive Compensation Plan (incorporated by ref to Exhibit 10.17 to MEDNAX s Annual Report on Form 10-K for the year ended De 31, 2008).*
10.21	MEDNAX, Inc. Form of Restricted Stock Agreement for Restricted Stock Awarded the 2008 Incentive Compensation Plan (incorporated by reference to Exhibit 10.18 to MEDNAX s Annual Report on Form 10-K for the year ended December 31, 2008).*
10.22	Employment Agreement, dated August 7, 2011, by and between MEDNAX Services and Roger J. Medel, M.D. (incorporated by reference to Exhibit 10.1 to MEDNAX Report on Form 8-K dated August 10, 2011.)*
10.23	Employment Agreement, dated August 20, 2008, by and between Pediatrix Medical Inc. and Joseph M. Calabro (incorporated by reference to Exhibit 10.2 to Pediatrix Report on Form 8-K dated August 22, 2008).*
10.24	Amendment Agreement, dated December 29, 2008, between MEDNAX, Inc., Pediat Medical Group, Inc. and Joseph M. Calabro (incorporated by reference to Exhibit 10 MEDNAX s Current Report on Form 8-K dated January 2, 2009).*
10.25	Employment Agreement, dated August 20, 2008, by and between Pediatrix Medical Inc. and Karl B. Wagner (incorporated by reference to Exhibit 10.3 to Pediatrix s Cu Report on Form 8-K dated August 22, 2008).*
10.26	Amendment Agreement, dated December 29, 2008, between MEDNAX, Inc., Pediat Medical Group, Inc. and Karl B. Wagner (incorporated by reference to Exhibit 10.4 t MEDNAX s Current Report on Form 8-K dated January 2, 2009).*
10.27	Second Amendment Agreement, dated February 24, 2010, by and among MEDNAX Mednax Services, Inc., American Anesthesiology, Inc. and Karl B. Wagner (incorpo reference to Exhibit 10.25 to MEDNAX s Annual Report on Form 10-K for the year December 31, 2009).*
10.28	Employment Agreement, dated February 24, 2010, by and between MEDNAX Servi and Vivian Lopez-Blanco (incorporated by reference to Exhibit 10.28 to MEDNAX Report on Form 10-K for the year ended December 31, 2009).*
10.29	Employment Agreement, dated February 13, 2012, by and between Pediatrix Medica Inc. and Michael Stanley, M.D. (incorporated by reference to Exhibit 10.24 to MEDI Annual Report on Form 10-K for the year ended December 31, 2012).*
10.30	Restricted Shares Units Agreement for Roger J. Medel, M.D. dated August 7, 2011 (incorporated by reference to Exhibit 10.2 to MEDNAX s Current Report on Form 8 August 10, 2011.)*
10.31	Restricted Shares Units Agreement for Roger J. Medel, M.D. dated August 20, 2008 (incorporated by reference to Exhibit 10.5 to Pediatrix s Current Report on Form 8-K August 22, 2008).*

98

Table of Contents

10.32	Restricted Shares Units Agreement for Roger J. Medel, M.D. dated August 20, 2008 (incorporated by reference to Exhibit 10.6 to Pediatrix s Current Report on Form 8- August 22, 2008).*
10.33	Form of Indemnification Agreement between Pediatrix and each of its directors and executive officers. (incorporated by reference to Exhibit 10.6 to Pediatrix s Annual Form 10-K for the year ended December 31, 2003).*
10.34	Form of Exclusive Management and Administrative Services Agreement with affilia professional contractors (incorporated by reference to Exhibit 10.31 to MEDNAX s Report on Form 10-K for the year ended December 31, 2011).
10.35	Master Confirmation Uncollared Accelerated Share Repurchase dated as of Decem 2014 between J.P. Morgan Securities LLC, as agent for JPMorgan Chase Bank, Nati Association, London Branch and MEDNAX, Inc. (incorporated by reference to Exhi 10.30 to MEDNAX s Annual Report on Form 10-K for the year ended December 3
21.1+	Subsidiaries of the Registrant.
23.1+	Consent of PricewaterhouseCoopers LLP.
31.1+	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32+	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 Sarbanes-Oxley Act of 2002.
101.INS+	XBRL Instance Document.
101.SCH+	XBRL Taxonomy Extension Schema Document.
101.CAL+	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF+	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB+	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE+	XBRL Taxonomy Extension Presentation Linkbase Document.

* Management contracts or compensation plans, contracts or arrangements.
\+ Filed herewith

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the reg
has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEDNAX, INC.

Date: February 11, 2016

By: /s/ Roger J. Medel, M.D.
Roger J. Medel, M.D.
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed be
the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Dat
/s/ Roger J. Medel, M.D. Roger J. Medel, M.D.	Chief Executive Officer (Principal Executive Officer)	February
/s/ Vivian Lopez-Blanco Vivian Lopez-Blanco	Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	February
/s/ Cesar L. Alvarez Cesar L. Alvarez	Director and Chairman of the Board	February
/s/ Manuel Kadre Manuel Kadre	Lead Independent Director	February
/s/ Karey D. Barker Karey D. Barker	Director	February
/s/ Waldemar A. Carlo, M.D. Waldemar A. Carlo, M.D.	Director	February
/s/ Michael B. Fernandez Michael B. Fernandez	Director	February
/s/ Paul G. Gabos Paul G. Gabos	Director	February
/s/ Pascal J. Goldschmidt, M.D. Pascal J. Goldschmidt, M.D.	Director	February

/s/ Donna E. Shalala, Ph.D.	Director	February
Donna E. Shalala, Ph.D.		
/s/ Enrique J. Sosa, Ph.D.	Director	February
Enrique J. Sosa, Ph.D.		