

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

Form 10-K

February 27, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2016

or

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

Commission File Number 001-35547

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware 36-4392754
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)
222 Merchandise Mart Plaza, Suite 2024, Chicago, IL 60654

(Address of principal executive offices and zip code)

(312) 506-1200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange on which Registered
Common Stock, par value \$0.01 per share	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 twelve 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. 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant based upon the closing sale price of the common stock on June 30, 2016, the last business day of the registrant's most recently completed second fiscal quarter, was \$2,336,261,876. Solely for purposes of this disclosure, shares of common stock held by executive officers and directors of the registrant as of such date have been excluded because such persons may be deemed to be affiliates. This determination of executive officers and directors as affiliates is not

necessarily a conclusive determination for any other purposes.

As of February 22, 2017, there were 180,513,085 shares of the registrant's common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement related to its 2017 annual meeting of stockholders (the "2017 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2017 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

TABLE OF CONTENTS TO

ANNUAL REPORT ON FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Item	Page
PART I	
1. <u>Business</u>	3
1A. <u>Risk Factors</u>	11
1B. <u>Unresolved Staff Comments</u>	29
2. <u>Properties</u>	29
3. <u>Legal Proceedings</u>	29
4. <u>Mine Safety Disclosures</u>	29
4A. <u>Executive Officers</u>	29
PART II	
5. <u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	31
6. <u>Selected Financial Data</u>	34
7. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	35
7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	61
8. <u>Financial Statements and Supplementary Data</u>	62
9. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	117
9A. <u>Controls and Procedures</u>	117
PART III	
10. <u>Directors, Executive Officers and Corporate Governance</u>	118
11. <u>Executive Compensation</u>	118

12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	118
13.	<u>Certain Relationships and Related Transactions and Director Independence</u>	118
14.	<u>Principal Accountant Fees and Services</u>	118
	PART IV	
15.	<u>Exhibits and Financial Statement Schedules</u>	119
16.	<u>Form 10-K Summary</u>	119

Each of the terms “we,” “us,” “our” or “company” as used herein refers collectively to Allscripts Healthcare Solutions, Inc. and its wholly-owned subsidiaries and controlled affiliates, unless otherwise stated.

The “Business” section, the “Risk Factors” section, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of this Annual Report on Form 10-K (this “Form 10-K”) contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on the current beliefs and expectations of our management with respect to future events and are subject to significant risks and uncertainties. Such statements can be identified by the use of words such as “future,” “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “will,” “would,” “could,” “co” and similar terms. Actual results could differ from those set forth in the forward-looking statements, and reported results should not be considered an indication of future performance. Certain factors that could cause our actual results to differ materially from those described in the forward-looking statements include, but are not limited to, those discussed in Part I, Item 1A, “Risk Factors” of this Form 10-K, which are incorporated herein by reference. We do not undertake to update any forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements for any reason, except as required by law.

PART I

Item 1. Business

Allscripts Healthcare Solutions, Inc. (“Allscripts”) delivers information technology (“IT”) solutions and services to help healthcare organizations achieve optimal clinical, financial and operational results. Our solutions and services are sold to:

Physicians	Retail pharmacies
Hospitals	Pharmacy benefit managers
Governments	Insurance companies
Health systems	Employer wellness clinics
Health plans	Post-acute organizations
Life-sciences companies	Consumers
Retail clinics	Lab companies

Our portfolio, which we believe offers some of the most comprehensive solutions in our industry today, is designed to help clients advance the quality and efficiency of healthcare by providing electronic health records (“EHR”), financial management, population health management and precision medicine/consumer solutions. Built on an open integrated platform, Allscripts solutions enable users to exchange data, streamline workflows and leverage functionality from other software vendors. The Allscripts Developer Program focuses on nurturing partnerships with other developers to help clients optimize the value of their Allscripts investment.

During 2016, we completed the merger of our Homecare™ business with Netsmart, Inc., a behavioral health technology business. As a result, the new joint business entity (“Netsmart”) became one of the largest human services and post-acute technology providers in healthcare. We believe that post-acute care integration is a critical component of value-based care models. Netsmart provides software and technology solutions to the health and human services industry, which is comprised of behavioral health, addiction treatment, intellectual and developmental disability services, child and family services, and public health segments, as well as to post-acute home care organizations,

private duty nursing, long term care and hospice.

Founded in 1986, Allscripts is incorporated in Delaware with principal executive offices located at 222 Merchandise Mart Plaza,

3

Suite 2024, Chicago, Illinois 60654. Our principal website is www.allscripts.com. The contents of this website are not incorporated into this filing. Furthermore, our references to the URLs for this website are intended to be inactive textual references only.

Solutions

Our portfolio addresses a range of industry needs, with the goal of helping clients to connect communities across multiple care settings, encourage efficiency and deepen the engagement of the patient in his/her own care. Our principal solutions consist of the following:

Electronic Health Records

Allscripts offers a suite of EHRs for hospitals and health systems, as well as physician and community practices. Built on an open platform with advanced clinical decision support, our EHRs provide analysis and insights. Each of our EHR offerings delivers a single patient record, workflows and consolidated analytics. Our solutions are the technology for innovation to improve patient care delivery and outcomes. Our EHR solutions consist of the following:

Sunrise Acute EHR is an interdisciplinary clinical solution that helps the care team embed desired practices and protocols into their workflows. The solution—including Sunrise Ambulatory to support health systems on a single platform for both inpatient and outpatient care—provides decision guidance, including computerized provider order entry, note and flowsheet documentation, clinical summary views and other key workflows necessary for driving quality care. Offerings include:

☛ Sunrise Surgical Care	☛ Sunrise Rehabilitation/Madonna
☛ Sunrise Anesthesia	☛ Sunrise Wound Care/TRUE-see
☛ Sunrise Emergency Care	☛ Sunrise Access Manager
☛ Sunrise Pharmacy	☛ Sunrise Hospital IQ
☛ Sunrise Oncology	☛ Sunrise Clinical Performance Management
☛ Sunrise Laboratory	☛ Sunrise Health Information Management
☛ Sunrise Radiology	☛ Sunrise Patient Administration System (international)

Administrative and operational modules are likewise available. Functionality is also offered on mobile devices.

Allscripts TouchWorks EHR is designed for larger single and multispecialty practices and is built on an open platform that brings data sources together. This open platform feature, along with the ability to customize workflows, allows clinical staff to effectively coordinate and deliver both primary and specialized care. Functionality is also offered on mobile devices.

Allscripts Professional EHR is for small- to mid-size physician practices. Allscripts Professional EHR works in Accountable Care Organizations (“ACOs”), Patient-Centered Medical Homes and Federally Qualified Health Centers, and enables practices to adhere to government initiatives like Meaningful Use and the Medicare Access and CHIP Reauthorization Act.

Modules available with TouchWorks and Professional EHRs include:

☛ Allscripts eRecruit

• Allscripts eChart Courier

- ◆ Allscripts Clinical Performance Reporting
- ◆ Allscripts iAssist
- ◆ Allscripts Practice Management

Allscripts Payer & Life Sciences initiatives endeavor to optimize the value of our EHRs. We believe that a successful value-based care environment requires more efficient communication and collaboration among all stakeholders in the healthcare continuum. To that end, we collaborate with payers, providers, life-sciences companies, pharmacy benefit managers and other partners to develop new programs, processes and content to enhance clinical solutions and improve outcome