

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

Form 10-K

March 01, 2013

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

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

For the fiscal year ended December 31, 2012

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)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)  
**36-4392754**  
(I.R.S. Employer  
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:**

<b>Title of Each Class:</b>	<b>Name of Each Exchange on which Registered</b>
<b>Common Stock, par value \$0.01 per share</b>	<b>The NASDAQ Global Select Market</b>
<b>Series A Junior Participating Preferred</b>	<b>The NASDAQ Global Select Market</b>

**Share Purchase Rights**

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

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

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(Do not check if a 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, 2012, the last business day of the registrant's most recently completed second quarter, as reported by NASDAQ Global Select Market, was approximately \$1,821,664,594.

The number of outstanding shares of the registrant's common stock as of February 8, 2013 was 172,262,618.

Documents Incorporated by Reference: Portions of the Proxy Statement for the 2013 annual stockholders' meeting are incorporated by reference into Part III.

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**EXPLANATORY NOTE**

This Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (the "10-K") is not complete due to a change in 2012 of the registrant's business segments, which requires the recasting of segment information for all periods presented. Additional time is necessary to complete the requisite procedures for the seven months in the period ended December 31, 2010 and the year ended May 31, 2010. As a result, (i) the consolidated statements of operations, of comprehensive income (loss), of stockholders' equity, and of cash flows for the seven months in the period ended December 31, 2010 and the year ended May 31, 2010, and the financial statement schedule for the seven months in the period ended December 31, 2010 and for the year ended May 31, 2010 are included in this 10-K but are unaudited (collectively, the "Subject Financial Statements"), and (ii) the report of the registrant's independent registered public accounting firm in respect of the Subject Financial Statements has been omitted.

The registrant will file a Notification of Late Filing on Form 12b-25 with respect to the omitted portions of the 10-K, and undertakes to file a complete version of the 10-K within fifteen calendar days following the prescribed due date once the requisite procedures have been completed.

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Allscripts Healthcare Solutions, Inc. was incorporated in the state of Delaware. In this report, we, us, our and Allscripts refer to Allscripts Healthcare Solutions, Inc. and its wholly owned subsidiaries, unless the context indicates otherwise.

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**Safe Harbor for Forward-Looking Statements**

This report contains forward-looking statements within the meaning of the federal securities laws that involve risks and uncertainties. We develop forward-looking statements by combining currently available information with our beliefs and assumptions. These statements relate to future events, including our future performance, and management's expectations, beliefs, intentions, plans or projections relating to the future and some of these statements can be identified by the use of forward-looking terminology such as believes, expects, anticipates, estimates, projects, intends, seeks, future, continue, contemplate, would, will, may, should, and the negative or other variations of those terms or other terminology or by discussion of strategy, plans, opportunities or intentions. As a result, actual results, performance or achievements may vary materially from those anticipated by the forward-looking statements.

Among the factors that could cause actual results, performance or achievements to differ materially from those indicated by such forward-looking statements are:

the possibility that our current initiatives focused on product delivery, client experience, streamlining our cost structure, and financial performance may not be successful, which could result in customer attrition;

the impact of the realignment of our sales and services organization;

potential difficulties or delays in achieving platform and product integration and the connection and movement of data among hospitals, physicians, patients and others;

the risk that we will not achieve the strategic benefits of the merger (the Eclipsys Merger) with Eclipsys Corporation (Eclipsys), or that the Allscripts and Eclipsys products will not be integrated successfully;

competition within the industries in which we operate, including the risk that existing clients will switch to products of competitors;

failure to maintain interoperability certification pursuant to the Health Information Technology for Economic and Clinical Health Act, with resulting increases in development and other costs for us and possibly putting us at a competitive disadvantage in the marketplace;

the volume and timing of systems sales and installations, the length of sales cycles and the installation process and the possibility that our products will not achieve or sustain market acceptance;

the timing, cost and success or failure of new product and service introductions, development and product upgrade releases;

we may incur costs or customer losses relating to the standardization of our small office electronic health record and practice management systems that could adversely affect our results of operations;

competitive pressures including product offerings, pricing and promotional activities;

our ability to establish and maintain strategic relationships;

errors or similar problems in our software products or other product quality issues;

the outcome of any legal proceeding that has been or may be instituted against us and others;

compliance obligations under new and existing laws, regulations and industry initiatives, including new regulations relating to HIPAA/HITECH, increasing enforcement activity in respect of anti-bribery, fraud and abuse, privacy, and similar laws, and future changes in laws or regulations in the healthcare industry, including possible regulation of our software by the U.S. Food and Drug Administration;

the possibility of product-related liabilities;

our ability to attract and retain qualified personnel;

the continued implementation and ongoing acceptance of the electronic record provisions of the American Recovery and Reinvestment Act of 2009, as well as elements of the Patient Protection and Affordable Care Act (aka health reform) which pertain to healthcare IT adoption, including uncertainly related to changes in reimbursement methodology and the shift to pay-for-outcomes;

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maintaining our intellectual property rights and litigation involving intellectual property rights;

legislative, regulatory and economic developments;

risks related to third-party suppliers and our ability to obtain, use or successfully integrate third-party licensed technology;

breach of data security by third parties and unauthorized access to patient health information by third parties resulting in enforcement actions, fines and other litigation; and

those factors discussed in **Risk Factors** in our periodic filings with the Securities and Exchange Commission (the **SEC** ). We make these statements under the protection afforded by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Because forward-looking statements are subject to assumptions and uncertainties, actual results, performance or achievements may differ materially from those expressed or implied by such forward-looking statements. Stockholders are cautioned not to place undue reliance on such statements, which speak only as of the date such statements are made. Except to the extent required by applicable law or regulation, Allscripts undertakes no obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.



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### **PART I**

#### **Item 1. Business**

##### **Overview**

Allscripts is a leading provider of healthcare clinical, financial, connectivity and information solutions and related professional services that empower hospitals, physicians and post-acute organizations, such as nursing homes, to deliver world-class outcomes. We deliver innovative solutions that provide healthcare professionals with the information, insights and connectivity with the goal of transforming healthcare by improving the quality and efficiency of patient care.

We provide a variety of integrated clinical software applications for hospitals, physician practices and post-acute organizations. For hospitals and health systems these applications include our Sunrise Enterprise suite of clinical solutions, comprising a full acute care Electronic Health Record ( EHR ), integrated with financial/administrative solutions including performance management and revenue cycle/access management. Our hospital and health system solutions include modules of the Sunrise suite that are available on a stand-alone basis, as well as additional stand-alone solutions including Emergency Department Information System ( EDIS ), care management and discharge management. Allscripts IT Outsourcing enables hospitals and physician groups to concentrate on their core mission while using IT to improve clinical, financial and operational outcomes. Allscripts Remote Hosting helps healthcare organizations manage their complex healthcare IT solutions infrastructure while freeing up the physical space, resources and costs associated with maintaining computer servers and deploying client-based applications on-site.

For physician practices of every size and kind, our solutions include: integrated EHR and practice management functionality available either via traditional on-premise delivery or via Software-as-a-Service ( SaaS ) (such solutions are also available independent of one another); revenue cycle management software and our new Revenue Cycle Management Services solution, which enables practices to outsource their full revenue cycle to us or address requirements in-house; clearinghouse services; stand-alone electronic prescribing; and document imaging solutions for physician practices. We also provide a variety of solutions for home care, hospice, skilled nursing, and other post-acute organizations; these range from a fully integrated EHR and financial management solution to Referral Management.

Clients in every care setting can leverage Allscripts mobile solutions to deliver remote access to EHR and other capabilities on a wide variety of mobile devices including iPad, iPhone, BlackBerry, Android and Windows Mobile smartphones. Additional add-on applications include our Patient Portal, Patient Kiosk, Prenatal, and Analytics solutions. Our community-based solutions for hospitals and health systems, provided in partnership with dbMotion, deliver meaningful health information exchange and enable information connectivity across entire communities of providers, regardless of what technology vendor they use, helping our clients to compete in an evolving marketplace.

We primarily derive our revenue from sales of our proprietary software and related hardware, professional services and IT outsourcing services. These sales also are the basis for our recurring service contracts for software maintenance and certain transaction processing services. Prior to this year, we used three reportable segments: Clinical Solutions, Hospital Solutions, and Health Solutions. In connection with the integration of the Eclipsys operations, in 2012 we realigned certain functions within our business. This realignment included the integration of our sales and services functions in the first quarter of 2012 as well as our solutions research and development team. After the realignment and based on the information used by management for making operating decisions and assessing performance, we identified the following reportable segments: Software Delivery, Services Delivery, Client Support, Pathway Solutions and IT Outsourcing.

##### **Eclipsys Merger**

The combination of Allscripts and Eclipsys in 2010 has produced a larger, more competitive and complete solutions provider within the healthcare information technology industry. Today we bring to market one of the

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most comprehensive solution offerings for healthcare organizations of every size and setting. We provide a single platform of clinical, financial, connectivity and information solutions for every segment of the acute, ambulatory and post-acute market.

Given our unique breadth of solutions and customer types, we are ideally positioned to connect physicians, other care providers and patients across all health care provider settings including hospitals, small or large physician practices, post-acute facilities, or a home care setting. We provide one of the broadest suites of applications available in healthcare, enabling our clients to connect caregivers, provide information where and when needed, and generate insights that lead to better clinical and financial outcomes. We are well-positioned to compete for opportunities among large hospitals and health systems that increasingly are looking to one information technology vendor to provide a single, end-to-end solution across all points of care.

At the same time, our unique service-oriented architecture enables hospitals and health systems to pursue a best-of-class strategy that protects their current IT investments and applications without the added expense of the rip-and-replace strategy promoted by many acute care competitors. Moreover, our ability to field interoperable, vendor-agnostic solutions built on an open IT architecture provides us a competitive edge by enabling hospitals to easily connect their IT systems with those of affiliated physicians who use systems from another vendor. Hospitals view their affiliated base of referring physicians as important clinical partners, so information connectivity with these physicians streamlines the referral process and strengthens bonds with a key business constituency.

### **Our Competitive Strengths**

We believe that the following competitive strengths are the keys to our success:

#### ***Industry-Leading Solutions***

We have been an innovator in the development and adoption of healthcare information technology solutions. We believe our clinical and healthcare solutions provide the following advantages:

**Client Reach.** Healthcare providers can instantly access our web-based clinical solutions from the hospital, the clinic or remote locations. Providers appreciate the convenience of remote connectivity that enables them to easily perform critical tasks such as documenting patient visits, reviewing lab results and writing prescriptions after hours and while on call. In addition to the standard desktop computers, our solutions run on a wide variety of mobile devices including tablet PCs, every major smartphone, desktop workstations and other wireless devices.

**Innovation.** Allscripts has developed a reputation for innovation through the introduction of pioneering new products. Recent examples include:

In 2012 we released Allscripts Wand<sup>®</sup>, our native iPad<sup>®</sup> application for Enterprise and Professional EHR. It couples the latest in tablet technology with the latest in user-experience innovation for a revolutionary approach to how clinicians practice medicine. Wand enables the mobile healthcare professional to move between their desktop and iPad for patient consultations and management. The result is a streamlined workflow and faster access to data.

Sunrise Mobile MD, a mobile solution that offers physicians greater control of the patient encounter on an Apple iPhone<sup>®</sup> or iPod touch<sup>®</sup>. Sunrise Mobile MD is built on the company's industry-defining open platform to enable proprietary, native integration with the Sunrise Enterprise 5.5 suite. Physicians using the Allscripts iPhone application gain direct access to and from the Sunrise Enterprise electronic health record enabling them to remotely monitor their hospitalized patients.

Allscripts Remote, the ambulatory corollary to Sunrise Mobile MD, enables physicians to access their Allscripts ambulatory EHR using an iPhone<sup>®</sup>, iPod touch<sup>®</sup>, BlackBerry<sup>®</sup>, Windows Mobile<sup>®</sup> or Android<sup>®</sup> smartphone. Capabilities include quick access to real-time patient summary information; fast communication to local hospital emergency rooms; convenient ePrescribing to the patient's regular pharmacy; and real-time access to all the information a physician needs to make decisions, including medical history, lab results and

medications.

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Allscripts Patient Kiosk is the first kiosk from a major practice management and EHR vendor. The kiosk connects to our EHR and practice management solutions to enable patients to quickly check-in, pay their co-pays using a credit card and conduct other business while taking control of their own healthcare with a dashboard view of all their personal information, including a complete health maintenance plan and alerts about upcoming or overdue tests.

The Allscripts Developer Program (ADP) enables clients and third parties to use Allscripts technology to natively integrate their applications with our clinical and business performance solutions. Clients can search the Allscripts Application Store & Exchange (ASX) to select or share applications developed through the ADP. By enabling Allscripts clients to easily locate and exchange technologies that are natively integrated with Sunrise Enterprise, ASX protects their existing technology investments and helps avoid expensive rip-and-replace situations. In October 2012, Allscripts launched a \$1 million health innovation program, called the Open App Challenge. The program challenges developers and vendors to create and integrate applications that become an extension of Allscripts Open Electronic Health Records software. The goal is to make it easier for providers to add new apps to their workflow to improve patient outcomes in a measurable way. The program will feature awards for apps focused on the management of high cost chronic diseases and value-based care imperatives.

Allscripts Revenue Cycle Management Services (RCM Services) is an end-to-end, integrated financial and administrative management solution for physician practices. The SaaS business solution requires no new hardware or up-front costs, and is designed to meet the regulatory requirements of health reform. Allscripts RCM Services provides physician practices of every size and specialty with a complete outsourced revenue cycle solution that is paid for on an ongoing basis, as a percentage of their monthly collections. The turnkey, full-service billing and collections solution manages the entire revenue cycle continuum, from operational planning to final collections and denials management all working in synch to drive out costs and drive in cash flow.

**SaaS solutions.** By making a wide variety of our solutions available on-demand over the Internet using a web browser we believe we have significantly increased their ease of adoption. This capability is especially important for physicians in independent practice and small groups who lack the resources and know-how to manage an on-premise software application. Notably, SaaS delivers all of the benefits of a cloud-based approach to delivering software while also providing the rich features and functionality of traditional software, which can be limited in some cloud-based healthcare IT architectures. Furthermore, our approach is a prudent response to persistent concerns with data privacy in the cloud. We believe our SaaS approach to on-demand software offers significant future flexibility without sacrificing current performance.

**Interoperability.** Our products are designed to operate with existing installed systems, in both ambulatory and acute settings. Our open architecture platform enables vendor freedom of choice to our clients and brings the management of healthcare technology into the modern age. The platform is intended to reduce the costs and resource demands hospitals experience in managing hundreds of vendor systems while effectively ending the battle between best-of-breed applications versus enterprise solutions. This platform opens the door to clients and third parties to natively build applications without the need for interfaces, thus providing a cost of ownership that can be dramatically lower than a single vendor with a closed proprietary architecture. Additionally, by making it easy for clients to deploy our Sunrise Enterprise and SCM solutions in combination with their existing IT assets, we can deliver Sunrise at a total-cost-of-ownership that is more manageable for mid-sized community hospitals than a total rip-and-replace approach, a model we believe represents a significant market opportunity.

**Enhancing the Revenue Cycle.** We focus on making it easier for our clients to access new opportunities for financial gain through a variety of revenue cycle solutions. In particular, we believe that our Payerpath solution is one of the leading revenue cycle management and clearinghouse services in the United States with more than 600 million revenue cycle management transactions processed each year. Available on a stand-alone basis or integrated with our practice management systems, Payerpath's comprehensive suite of internet solutions addresses every step in the reimbursement cycle for physician

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practices, clearinghouses and payers, delivering improved reimbursement and claim management processes that lead to cleaner claims and faster payments. For example, Payerpath Eligibility provides instant verification of patient insurance eligibility, ending phone calls to payers to clarify covered procedures and patient eligibility. Another example, Allscripts Patient Payment Assurance provides point-of-care collection of credit card and debit card payments, reducing the need for patient billing, which can dramatically reduce patient receivables. By enabling significant return on investment, our revenue cycle solutions allow providers to focus less on running their businesses and more on providing quality patient care. Our new Allscripts RCM Services takes this approach to the next level with a fully outsourced business office.

**Accelerated Upgrades.** Our Upgrade Enablement Center (UEC) provides a quick and accelerated migration path for users of our legacy Misys EMR. The typically four- to six-week process lets clients protect their investment in software and information while upgrading to our Professional EHR, providing a rapid opportunity to participate in Health Information Technology for Economic and Clinical Health Act (HITECH) incentives.

### ***Significant Installed Base***

Approximately 180,000 physicians and 1,500 hospitals and more than 10,000 post-acute organizations nationwide use Allscripts solutions to automate and connect their clinical and business operations. Our significant installed base, including some of the country's most prestigious medical groups and hospitals, serves as a reference source for prospective clients who are interested in purchasing our solutions.

### ***Market Demand for Ambulatory EHR among Hospital Base***

The proportion of U.S. physician practices owned by hospitals or health systems continues to grow. Industry observers expect this trend to continue for the foreseeable future and have projected the number to reach 75% by 2014 as hospitals seek to strengthen their relationships with physicians, who constitute by far their largest source of income (via patient referrals), and seek competitive advantage in their communities. A primary strategic imperative of hospital CIOs is to bring their current and newly-employed physicians live on a common EHR platform, ensuring continuity of care and greater efficiencies through seamless information exchange. At the same time, hospitals increasingly are seeking to take advantage of the HITECH incentives for EHR adoption by providing an EHR to their affiliated physicians at a subsidized rate. Their selection of an EHR for both employed and affiliated physicians hinges in large part on the level of integration between the EHR and their existing inpatient information system. The integration of Allscripts EHRs for physician practices and hospitals and health systems is intended in part to meet this rapidly evolving market demand.

### ***Population Health***

Allscripts' open architecture supports the impending shift in care delivery from single patient, episodic care to continuous population health management by connecting communities and providing robust clinical analytics tools that stratify and offer valuable insights into patient populations. Allscripts clinical decision support tools at the point of care provide evidence based guidelines that facilitate better provider decisions, and ultimately, better patient outcomes. As requirements advance, Allscripts clinical intelligence solutions can help to identify high risk patients, reduce preventable costs and improve performance—all while providing a longitudinal view of the patient over the entire continuum of care. Additionally, patient engagement tools are integrated through the Allscripts open platform, promoting proactive patient involvement in their own care which is essential to optimizing patient outcomes, lowering overall costs and managing chronically ill populations.

### ***A Solution for Accountable Care***

Key healthcare stakeholders have proposed several solutions that fall under the general heading of Value-Driven Healthcare. The federal government's leadership in this arena includes the HITECH Act, new payment models, such as Patient Centered Medical Home, and Accountable Care Organizations (ACOs), and demonstration

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projects, such as the Comprehensive Primary Care Initiative. Each of these efforts hinges on the need to improve care coordination between teams of providers and streamline transitions in care—the movement of patients from one care setting to another—which remains the weakest link in the healthcare chain. An interoperable, connected EHR is a required element to improve care transitions and ensure that providers in every setting have access to the latest information on their patients. The Allscripts Connected Community of Health takes the EHR to its logical conclusion. The connected community uses a combination of our open technology platform, our full spectrum connectivity to ambulatory, acute and post-acute solutions, and our robust community solutions to securely share information between providers in all care settings, no matter which health IT systems they use. Not only does this facilitate seamless care coordination between providers inside their own organization, but also with affiliated physicians and other independent stakeholders outside their organization. The goal is to create a single source of truth about a patient—a unified community record—to deliver effective and economical care.

### ***Breadth of Product and Service Offering***

Allscripts provides one of the most comprehensive solution offerings in the industry for healthcare organizations of every size and setting. We offer a single platform of clinical, financial, connectivity and information solutions, as well as standalone best-of-breed solutions in virtually every health information management category. Moreover, we are one of the few healthcare IT companies able to provide solutions that service every healthcare setting, from solo physician practices to the largest academic medical groups, hospitals of every size and configuration, and post-acute organizations including skilled nursing facilities, homecare and hospice.

### ***Strength of Distribution Network and Payer Relationships***

We employ a highly differentiated sales and distribution strategy to reach potential clients in all segments of the physician market, ranging from solo and small-group practices to the largest academic medical groups. Our strategy employs three sales channels—a large direct sales force, a national distribution network, and multiple hospitals that are marketing our solutions.

Allscripts has growing partnerships with retail health clinics in the United States. For example, in February 2012, a leading retail health clinic in the United States announced it will transition from its existing, proprietary Electronic Medical Record system to Allscripts. This transition will assist this provider in its mission of delivering high quality accessible medical care in hundreds of retail clinics across the United States.

The strength of our distribution network has enabled Allscripts to take a unique, three-pronged approach to addressing the physicians practice market one practice at a time, one community at a time, and one region at a time. *One practice at a time* refers to our basic selling model executed by our direct sales force. *One community at a time* is an approach demonstrated by multiple sales in 2012 including Coordinated Health, a top integrated healthcare delivery network across Pennsylvania and New Jersey. Coordinated Health selected Sunrise Clinical Manager from Allscripts to support collaborative care initiatives across Coordinated Health's 11 locations, two hospitals, and one ambulatory surgery center, enhancing decision-making and automating processes for accuracy and patient safety. *One region at a time* is a strategy developed recently through our partnership with a large payer in North Carolina. Blue Cross and Blue Shield of North Carolina, in partnership with NC Health Information Exchange, announced in September 2011, they will provide an 85 percent subsidy for at least 750 physicians across the state to acquire Allscripts EHR and related training and support. The program will also enable participating providers to electronically exchange patient information with other North Carolina healthcare organizations through the NC Health Information Exchange. This partnership is representative of more payers investing in healthcare IT to encourage their network providers to deliver higher quality care.

### ***Comprehensive Connect Strategy***

The Allscripts Community Architecture helps local and regional health systems share information between a range of technologies from any source, creating a single patient record for providers across the continuum of care. The Allscripts Community Solution enables all the members of a patient's care team to access the same up-to-date

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information about the patient, regardless of whether they work in acute, ambulatory or post-acute settings inside or outside the health system. The Allscripts Community Solution combines the Allscripts Community Exchange or Kinexus™ with the Allscripts Community Record. Kinexus efficiently connects and manages electronic transactions of all kinds between health systems and community/affiliated physician practices. The Community Record, provided in partnership with a third party, dbMotion, aggregates and harmonizes data from virtually any EHR or other clinical IT system, creating a single patient record across a health system or community.

### ***Meaningful Use Certification***

Our core go-to-market acute care and ambulatory EHRs are certified as meeting the Stage 1 requirements for demonstrating Meaningful Use of an EHR, a requirement for healthcare organizations that demonstrate they have earned financial incentives as allowed for under the HITECH portion of the American Recovery & Reinvestment Act (ARRA). The following products are compliant with the criteria set for the 2011 Edition of our software by the Office of the National Coordinator for Health Information Technology (ONC) and certified by either the Drummond Group or Certification Commission for Health Information Technology (CCHIT), both of which qualify as an ONC Authorized Testing and Certification Body (ONC-ATCB), in accordance with the applicable eligible provider and hospital certification criteria adopted by the Secretary of Health and Human Services. Initial certifications were completed by the end of 2010 and subsequently have continued to be enhanced on an as-needed basis as product updates were released.

We expect to certify these products for the 2014 Edition criteria in 2013. This certification will be required for users who intend to demonstrate Meaningful Use for either Stage 1 or Stage 2 beginning with their 2014 participation (this begins as soon as the October 2013 start date for Eligible Hospitals and January 2014 for Eligible Providers)

### **Ambulatory:**

Allscripts Enterprise EHR (Complete): 11.2, 11.3, 11.4

Allscripts Enterprise EHR (Modular): 11.2, 11.2.0.496, 11.3, 11.4

Allscripts ePrescribe (Modular): 15.2.0, 16.0, 16.1

Allscripts Professional EHR (Complete): 9.2, 9.2.2, 9.3, 10, 12, 12.1

Sunrise Ambulatory Care Module Set (Modular): 5.5, 5.5 FP1, 6.0

Sunrise Patient Portal and Sunrise Ambulatory Care EHR (Modular): 5.5

### **Inpatient:**

Allscripts ED (Complete): 7.0, 7.1

Allscripts ED (Modular): 6.3 Service Release 4

Sunrise Acute Care (Complete): 5.5, 5.5 FP1, 6.0

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Sunrise Acute Care Module Set (Modular): 5.5, 5.5 FP1, 6.0

Sunrise Emergency Care (Complete): 5.5, 5.5 FP1, 6.0

Sunrise Emergency Care Module Set (Modular): 5.5, 5.5 FP1, 6.0

Sunrise Patient Portal and Sunrise Acute Care EHR (Modular): 5.5

We certified some of our solutions as both complete and modular EHRs under the ARRA regulations to provide clients with the flexibility to choose elements of the EHR which best fit their current IT environment. For instance, if an Enterprise EHR client wants to keep a previously-installed and certified patient portal application, under ARRA rules they need to implement our modularly certified version of that EHR, which is stripped of Enterprise's portal capabilities.



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### ***Sales and Marketing***

We employ sales executives with industry expertise, and we primarily sell directly to our customers through our sales force. In addition to our direct sales force, we also have established reseller relationships with a number of strategic partners. A number of our large hospital and health system clients also actively resell our solutions to other healthcare entities, primarily physician practices.

We continue efforts to expand sales of our solutions outside of North America, primarily in the European and Asia-Pacific region. We achieved initial success with sales of Sunrise Clinical Manager to the largest healthcare provider in Singapore as well as other hospital groups in Asia. Our performance with our Asian clients is proving to be a catalyst to help us drive additional business across the Asia-Pacific region. For example, in December 2011, we announced an agreement with a public health system in Australia to implement our Sunrise Enterprise acute care solution across their network. Further to our international success, Allscripts signed two new customers in the United Kingdom. Also in 2012, Allscripts extended our agreement with one of our customers in Italy.

### **Allscripts Offerings**

We provide the following software and services:

**Allscripts Enterprise EHR** is an award-winning EHR solution with an open architecture designed to enhance physician productivity using tablet PCs, smartphones, or a desktop workstation for the purpose of automating the most common physician activities, including prescribing, dictating, ordering lab tests and viewing results, documenting clinical encounters and capturing charges, among others. Allscripts Enterprise is the clinical software solution of choice for multi-specialty and specialty practices as well as academic medical centers and hospital sponsored initiatives. Uniquely designed for the specific needs of physicians in today's increasingly interconnected healthcare environment, Allscripts Enterprise empowers and connects an organization clinically, operationally and financially.

**Allscripts Practice Management** is a practice management system that streamlines financial and administrative aspects of physician practices, including patient scheduling and registration, electronic claims submission, electronic remittances and patient billing and collections. This system also provides multiple resource scheduling, instant reporting and referral tracking. Our electronic data interchange ( EDI ) solution facilitates statement management processing, claims management processing, electronic remittances and appointment reminders.

**Allscripts Professional EHR** is targeted at small to mid-sized physician practice groups and communities. Similar to our Enterprise EHR, this open solution offers advanced point-of-care clinical decision support and automates the most common physician activities, such as prescribing, clinical reporting, ordering lab tests and viewing results and capturing charges.

**Allscripts ePrescribe** is an easy-to-use, web-based e-prescribing solution that is safe, secure, requires no downloading and no new hardware. The software is being offered free of charge to every prescriber in America in furtherance of the National ePrescribing Patient Safety Initiative, a collaborative initiative introduced and led by us to enhance patient safety and reduce preventable medication errors. Allscripts ePrescribe can be a starting point for medical groups to transition over time to a complete EHR.

**Allscripts ED** is an emergency department information system designed to manage patient flow through the emergency department by tracking patient location, activity and outstanding orders and procedures. These solutions guide emergency clinicians in entering consistent, complete and efficient documentation on patients and provide shareable, real-time, mobile access to patient information from registration to discharge.

**Allscripts Payerpath** is a claims management service in the United States with more than 600 million claims and revenue cycle transactions processed annually. Used by approximately 110,000 physicians, Payerpath provides the credibility, experience and results demanded by both payers and providers. Payerpath can help organizations succeed in the business of healthcare through improved

medical claim and claim management processes that lead to cleaner claims and faster payments.

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**Allscripts Revenue Cycle Management Services** (RCM Services) is a complete end-to-end, integrated financial and administrative management solution for physician practices. The SaaS business solution requires no new hardware and minimal up-front costs, and is designed to meet the regulatory requirements of health reform. Allscripts RCM Services provides physician practices of every size and specialty with a complete outsourced revenue cycle solution that is paid for on an ongoing basis, as a percentage of their monthly collections.

**Allscripts Homecare** is designed to improve clinical quality of care, financial performance, and operational control for large, integrated home care organizations and small home care companies. With a strong mobility platform, business, clinical and scheduling functionalities, it enables all users across home health, hospice and private duty organizations.

**Allscripts Post-Acute Solutions** streamline the transition of care process between hospitals and post-acute care facilities. We currently have more than 10,000 acute and post-acute care customers nationwide that will exchange over four million electronic hospital referrals. Allscripts post-acute solutions include: Referral Management, Referral Management Plus, Allscripts Mobile and Core System Integration.

**Allscripts Care Management** is a fully-integrated web-based solution that simplifies and consolidates utilization management, discharge planning, documentation integrity, audit management, quality management and risk management. Providing a single worklist for all care management processes, the Allscripts Care Management system transforms the administrative process for hospitals and post-acute care facilities, improving efficiency, streamlining and improving the quality of patient care, and generating cost savings and higher revenues. The suite of software that makes up Allscripts Care Management includes: Allscripts Utilization Management, Allscripts Discharge Planning, Allscripts Documentation Integrity, Allscripts Audit Management, Allscripts Quality and Risk Management. These systems are based on a SaaS model designed to provide ease of use and minimal IT staff involvement at the hospital.

**Sunrise Enterprise** is our suite of solutions for hospitals and health systems, including the following clinical, access, financial and departmental solutions for hospitals:

**Sunrise Clinical Manager** includes the major integrated applications Sunrise Acute Care, Sunrise Ambulatory Care, Sunrise Critical Care, Sunrise Emergency Care and Sunrise Pharmacy, in addition to related modules and capabilities, such as Knowledge-Based Charting, Knowledge-Based Medication Administration and others. Sunrise Clinical Manager enables a physician or other authorized clinician to view patient data and enter orders quickly at the point of care, from virtually any other point in the enterprise or through secure remote access, providing evidence-based clinical decision support at the time of order entry.

**Sunrise Ambulatory Care** is considered a module of Sunrise Clinical Manager that is typically implemented within physician practices owned by Sunrise-client hospitals; however, it is a full-service EHR that may also serve as a stand-alone solution for independent physician practices. Sunrise Ambulatory Care is built on the same database as Sunrise Clinical Manager, ensuring seamless integration and flow of patient information between the physician office and hospital.

**Sunrise Surgery Powered by SIS** is a comprehensive perioperative and anesthesia information management solution that is integrated through the Helios platform. Sunrise Surgery helps organizations increase quality and efficiency, improve patient safety, decrease costs and maximize revenues across the perioperative care continuum.

**Sunrise Access Manager**, which shares the Sunrise platform and database, which includes Sunrise Enterprise Scheduling and Sunrise Enterprise Registration. These integrated solutions enable healthcare providers to identify a patient at any time within a healthcare organization and to collect and maintain accurate patient information on an enterprise-wide basis.

**Sunrise Financial Manager** is a comprehensive revenue cycle solution for hospitals and health systems. It provides comprehensive revenue cycle functionality including revenue capture, billing and

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receivables for management for both hospital and hospital-based physician billing. It enables compliance, improves billing and collections accuracy and optimizes revenue cycle through a unique visual view of workflows, allowing users to easily adapt as their business changes.

**Allscripts EPSi** is an HFMA Peer-Reviewed financial performance management solution that provides integrated analytics, budgeting and knowledge-based performance management. EPSi brings together all the major components of financial management – strategic planning, product line budgeting, cost accounting and operation and capital budgeting – to more effectively and accurately plan for the future and address the financial challenges facing healthcare organizations today.

**Allscripts Patient Flow** is an enterprise-wide patient throughput management solution that automates complex and labor intensive operational processes which improve care coordination and communication while increasing overall efficiency and resource use. It addresses all aspects of patient flow in a hospital, from bed management to transport and turnover. The solution provides transparency and control over the flow process from a patient's arrival in the Emergency Department or Admitting to patient placement and care delivery throughout hospital departments with well-coordinated discharge planning and faster bed turnover.

**Sunrise Clinical Analytics (SCA)** is an analytics solution for Sunrise Clinical Manager (SCM) users to monitor and improve clinical performance, report on ARRA Stage 1 and Stage 2, and, ultimately, reduce the cost of care. With prebuilt or customized reporting and dashboards, the organization gains access to insights on performance to drive improved clinical outcomes. With indicators and structured reports for over 90 quality measures, SCA provides actionable, automated clinical reporting, and seamlessly organizes transactional clinical data into meaningful information. In addition to nationally standardized quality measures, Sunrise Clinical Analytics provides an analytical view on the usage patterns, adoption barriers and care processes custom to a health system.

**Allscripts Wand** is the native iPad® application for Enterprise and Professional EHR. It couples the latest in tablet technology with the latest in user-experience innovation for a revolutionary approach to how clinicians practice medicine. With Wand, mobile healthcare professionals can access and manage the most commonly used features of Allscripts EHR throughout the day from their iPad – moving between their desktop and iPad for patient consultations and management.

### **Other Clinical/Ancillary acute solutions include:**

**Sunrise Record Manager** is a health information management (HIM) solution that automates the workflow associated with the collection, maintenance and distribution of information to maximize EHR benefits. Sunrise Record Manager helps hospitals better meet regulatory reporting requirements by making data centrally, electronically accessible for easier, faster information gathering and compilation in the enterprise health information system.

**Sunrise Laboratory** helps high-volume hospital laboratories improve operational performance, saving both time and money and improving effective patient care. Sunrise Laboratory helps automate laboratory departmental workflow from end to end, with decision-making and reporting driven by real-time clinical information. Laboratory departments face increasing regulatory requirements, growing cost pressures, and the need to meet clinical service levels and maintain patient and physician satisfaction despite increasing volumes of work. With fully automated workflow and support for multi-departmental laboratories across a healthcare organization integrated into one information system, Sunrise Laboratory helps labs maximize throughput, decrease turnaround time, capture more revenue, and improve quality and compliance.

**Sunrise Radiology**, a comprehensive radiology information system, delivers imaging data as an integrated part of the overall patient record that is accessible to clinicians at the point of care or other points of decision-making using any Sunrise Enterprise-enabled device.

### **Services**

**Managed IT Services (IT Outsourcing)** Allscripts Managed IT Services helps clients maximize the power of their IT investments by delivering modular, cost-effective services that enhance productivity for users

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providing patient care and performing the core functions critical to running their healthcare organization. Our distinctive services model incorporates skilled professionals, best practices, and proven technology, which in return establish a driving infrastructure for continuous improvement across the healthcare organization. The Allscripts Managed IT Services portfolio is designed to enhance business agility, enabli