

MAGELLAN HEALTH INC
Form 10-Q
April 26, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10 Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2017

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 No. 1 6639

MAGELLAN HEALTH, INC.

(Exact name of registrant as specified in its charter)

| | |
|---|--------------------------------------|
| Delaware | 58 1076937 |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |
| 4800 N. Scottsdale Rd, Suite 4400 | 85251 |
| Scottsdale, Arizona | (Zip code) |
| (Address of principal executive offices) | |

(602) 572 6050

(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 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

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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). Yes No

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

| | | |
|---------------------------|-------------------|--|
| Large accelerated filer | Accelerated filer | Non-accelerated filer (Do not check if a smaller reporting company) |
| Smaller reporting company | | Emerging growth company |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Act.

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

The number of shares of the registrant’s Ordinary Common Stock outstanding as of March 31, 2017 was 23,717,121.

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MAGELLAN HEALTH, INC. AND SUBSIDIARIES

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

MAGELLAN HEALTH, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

| | December 31, 2016 | March 31, 2017 (Unaudited) |
|--|----------------------|----------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents (restricted balances of \$81,776 and \$73,272 at December 31, 2016 and March 31, 2017, respectively) | \$ 304,508 | \$ 273,587 |
| Accounts receivable, less allowance for doubtful accounts of \$5,644 and \$6,171 at December 31, 2016 and March 31, 2017, respectively | 606,764 | 634,102 |
| Short-term investments (restricted balances of \$227,795 and \$220,284 at December 31, 2016 and March 31, 2017, respectively) | 297,493 | 306,549 |
| Pharmaceutical inventory | 58,995 | 62,374 |
| Other current assets (restricted balances of \$38,785 and \$34,002 at December 31, 2016 and March 31, 2017, respectively) | 51,507 | 52,717 |
| Total Current Assets | 1,319,267 | 1,329,329 |
| Property and equipment, net | 172,524 | 166,536 |
| Long-term investments (restricted balances of \$6,306 and \$5,699 at December 31, 2016 and March 31, 2017, respectively) | 7,760 | 7,151 |
| Deferred income taxes | 3,125 | 4,507 |
| Other long-term assets | 12,725 | 15,709 |
| Goodwill | 742,054 | 742,775 |
| Other intangible assets, net | 186,232 | 177,054 |
| Total Assets | \$ 2,443,687 | \$ 2,443,061 |
| LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$ 95,635 | \$ 82,385 |
| Accrued liabilities | 202,176 | 165,632 |
| Short-term contingent consideration | 9,354 | 9,761 |
| Medical claims payable | 184,136 | 174,302 |
| Other medical liabilities | 197,856 | 202,533 |
| Current debt and capital lease obligations | 403,693 | 428,795 |
| Total Current Liabilities | 1,092,850 | 1,063,408 |
| Long-term debt and capital lease obligations | 214,686 | 207,549 |
| Tax contingencies | 13,981 | 14,764 |
| Long-term contingent consideration | 1,799 | |