

MEDICAL TRANSCRIPTION BILLING, CORP
Form 10-K
March 31, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark one)

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

For the fiscal year ended December 31, 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: 333-192989

MEDICAL TRANSCRIPTION BILLING, CORP.

(Exact name of registrant as specified in its charter)

Delaware **22-3832302**
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification Number)

7 Clyde Road

Somerset, New Jersey 08873
(Address of principal executive offices) (Zip Code)

(732) 873-5133

(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, \$0.001 par value per share	The NASDAQ Stock Market LLC

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 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 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. 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). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or

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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. (Check one):

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 Act). Yes ☐ No ☒

Under the Jumpstart Our Business Start startups Act of 2012, or the JOBS Acts, Medical Transcription Billing, Corp. qualifies as an “emerging growth company.”

As of June 30, 2014, (the last business day of the registrant’s most recently completed second fiscal quarter), there was no public market for the registrant’s common stock. The registrant’s common stock began trading on the NASDAQ Capital Market on July 28, 2014.

As of September 30, 2014, the aggregate market value of the registrant’s Common Stock held by non-affiliates of the registrant was approximately \$18,277,442. (Based on the last reported trading price of the Common Stock of \$3.56 per share on that date, as reported on the NASDAQ Capital Market).

At March 25, 2015, the registrant had 10,999,133 shares of common stock, par value \$0.001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held on June 10, 2015 are incorporated by reference into Part III, Items 10, 11, 12, 13, and 14 of this Annual Report on Form 10-K.

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Forward Looking Statements

Certain statements that we make from time to time, including statements contained in this Annual Report on Form 10-K constitute “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical fact contained in this Annual Report on Form 10-K are forward-looking statements. These statements, among other things, relate to our business strategy, goals and expectations concerning our products, future operations, prospects, plans and objectives of management. The words “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will” and similar terms and phrases are used to identify forward-looking statements in this presentation. Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Forward-looking statements in this Annual Report on Form 10-K include, without limitation, statements reflecting management’s expectations for future financial performance and operating expenditures, expected growth, profitability and business outlook, increased sales and marketing expenses, and the expected results from the integration of our acquisitions.

Forward-looking statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from those anticipated by such statements. These factors include, among other things, the unknown risks and uncertainties that we believe could cause actual results to differ from these forward looking statements as set forth under the heading, “Risk Factors” and elsewhere in this Annual Report on Form 10-K.

Although we believe that the expectations reflected in the forward-looking statements contained in this Annual Report on Form 10-K are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by law, we are under no duty to update or revise any of such forward-looking statements, whether as a result of new information, future events, or otherwise, after the date of this Annual Report on Form 10-K.

You should read this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

All references to “MTBC,” “Medical Transcription Billing, Corp.,” “we,” “us,” “our” or the “Company” mean Medical Transcription Billing, Corp. and its subsidiaries, except where it is made clear that the term means only the parent company.

PART I

Item 1. Business

Our Company

Medical Transcription Billing, Corp. is a healthcare information technology company that provides a fully integrated suite of proprietary web-based solutions, together with related business services, to healthcare providers practicing in ambulatory care settings. Our integrated Software-as-a-Service (or SaaS) platform helps our customers increase revenues, streamline workflows and make better business and clinical decisions, while reducing administrative burdens and operating costs. In addition to our experienced team in the United States, we employ a highly educated workforce of more than 2,000 people in Pakistan, where we believe labor costs are approximately one-half the cost of comparable India-based employees and one-tenth the cost of comparable U.S. employees, thus enabling us to deliver our solutions at competitive prices.

Our flagship offering, PracticePro, empowers healthcare practices with the core software and business services they need to address industry challenges, including the Patient Protection and Affordable Care Act (“Affordable Care Act”), on one unified SaaS platform. We deliver powerful, integrated and easy-to-use ‘big practice solutions’ to small and medium practices, which enable them to efficiently operate their businesses, manage clinical workflows and receive timely payment for their services. PracticePro includes:

- Practice management solutions and related tools, which facilitate the day-to-day operation of a medical practice;
- Electronic health records (or EHR), which is easy to use, highly ranked, and allows our customers to reduce paperwork and qualify for government incentives;
- Revenue cycle management (or RCM) services, which include end-to-end medical billing, analytics, and related services; and
- Mobile Health (or mHealth) solutions, including smartphone applications that assist patients and healthcare providers in the provision of healthcare services.

As of December 31, 2014, we served approximately 980 practices (which we define as physicians, nurses, nurse practitioners, physician assistants and other clinical staff that render bills for their services) representing approximately 2,200 providers, practicing in approximately 60 specialties and subspecialties, in 43 states. As of December 31, 2013, we served approximately 450 practices representing approximately 1,110 providers, practicing in approximately 50 specialties and subspecialties, in 36 states. Approximately 98% of the practices we serve consist of one to ten providers, with the majority of the practices we serve being primary care providers. However, our solutions are scalable and are appropriate for larger healthcare practices across a wide range of specialty areas. In fact, our customer with the largest number of providers is a hospital-based group with 125 providers.

On July 23, 2014, the Company completed its initial public offering (“IPO”) of common stock. The Company sold approximately 4 million shares at a price to the public of \$5.00 per share.

On July 28, 2014, the Company purchased the assets of three medical billing companies, Omni Medical Billing Services, LLC, (“Omni”), Practicare Medical Management, Inc. (“Practicare”) and CastleRock Solutions, Inc. (“CastleRock,” and collectively with Omni and Practicare, the “Acquired Businesses”), for a combination of cash and stock.

Employees

Including the employees of our subsidiaries, as of March 2015 we employed approximately 2,200 people worldwide on a full-time basis. We also use the services of a number of part time employees. In addition, all officers work on a full-time basis. Over the next twelve months, we anticipate hiring additional employees only if business revenues increase or our operating requirements warrant such hiring.

Our Growth Strategy

Our growth strategy includes acquiring smaller revenue cycle management companies and then migrating the customers of those companies to our solutions. The revenue cycle management service industry is highly fragmented, with many local and regional revenue cycle management companies serving small medical practices. We believe that the industry is ripe for consolidation and that we can achieve significant growth through acquisitions. We estimate that there are more than 1,500 companies in the United States providing revenue cycle management services and that no one company has more than a 5% share of the market. We further believe that it is becoming increasingly difficult for traditional revenue cycle management companies to meet the growing technology and business service needs of healthcare providers without a significant investment in information technology infrastructure.

In addition, our growth strategy includes strategic partnerships with other industry participants, including electronic health records vendors, in which the vendors refer customers to our services. While we offer our own electronic health records, our strategy includes providing integrated offerings utilizing third party electronic health records while offering customers MTBC's revenue cycle management, practice management and mobile health capabilities. We have recently hired a Vice President of Sales and intend to hire additional sales and marketing executives to spearhead our customer acquisition initiative, which will include growing existing and developing new strategic partnerships. We believe that these new team members will also be able to successfully leverage the network of relationships of the medical billing companies that we acquired in 2014 and our existing network. By devoting greater resources to sales and marketing, we expect that our organic growth will increase more rapidly, as our current organic growth is driven primarily by customer referrals and internet search engine optimization techniques.

Industry Overview

The modern American healthcare industry is characterized by inefficiencies, waste, complexity, an underutilization of technology and a lack of transparency. According to a report issued by the Institute of Medicine, approximately \$2.6 trillion was spent in the United States on healthcare in 2011, of which \$750 billion was wasteful spending that does not improve the quality of care that patients receive. An April 2012 study cited by Health Affairs, a health policy journal, estimates that between \$476 billion and \$992 billion of healthcare spending in 2011 was wasted, with a third of that waste being funded by Medicare and Medicaid programs. According to the Centers for Medicare and Medicaid Services Health, spending is projected to grow at an average rate of 5.7 percent for 2013-2023, 1.1 percentage points faster than expected average annual growth in the Gross Domestic Product (GDP). Healthcare spending in the United States is widely viewed as growing at an unsustainable rate, and policymakers and payers are continuously seeking ways to reduce that growth.

The Affordable Care Act and other recent legislative, regulatory and industry drivers are directed toward addressing many of these challenges. For decades, the U.S. healthcare delivery system has been characterized by a vast cottage industry of small, independent practices functioning in a low-technology fee-for-service environment. During 2013,

there were more than 500,000 U.S. physicians practicing in ambulatory care settings and it is estimated that approximately 70% of these providers are practicing in groups with 10 or fewer physicians. Recent changes in the industry, including legislative reform and increasing reimbursement complexity, have created significant opportunities for MTBC, as traditional practice tools are not well-suited for the modern medical practice.

Increasingly complex reimbursement processes. New laws and payer requirements have further complicated insurance reimbursement processes. For example, Medicare, Medicaid and commercial insurances are increasingly requiring proof of adherence to best practices and improved patient health outcomes to support full reimbursement. Moreover, an upcoming shift to a new generation of insurance codes will dramatically increase the complexity associated with selecting appropriate procedure and diagnosis codes needed to support proper claim reimbursement.

Movement toward healthcare information technology. Since 2011, the federal government has offered financial incentives to eligible healthcare providers who adopt and meaningfully use electronic health records technology. Beginning in 2015, providers who are not meaningfully using this technology incur penalties and these penalties will increase every year through 2019. While these incentives and looming penalties have encouraged many providers to adopt and meaningfully use electronic health records software, we believe that most providers are not utilizing an integrated platform that combines practice management, business intelligence, and revenue cycle management. The lack of an integrated platform leaves them ill-equipped to address the multitude of rapidly growing industry challenges.

Shift in Focus to Preventive Care. In an effort to avoid the negative health effects and increased costs associated with undetected and untreated chronic conditions, the Affordable Care Act requires most health insurance plans to provide co-payment and deductible-free coverage for preventive health services, such as annual well visits. Many believe that this shift in focus will, in the long-term, reduce costs and improve patient health.

Inaccessibility of critical data. To thrive in the emerging healthcare landscape, healthcare practices need timely information, such as health insurance plan eligibility and coverage details, provider performance and productivity data and clinical and reimbursement benchmarking. However, we believe that most small and medium size practices do not have access to this type of real-time data, business intelligence and analytical tools and thus struggle to efficiently operate their practices and make optimal decisions.

Competition

The market for practice management, EHR and RCM information solutions and related services is highly competitive, and we expect competition to increase in the future. We face competition from other providers of both integrated and stand-alone practice management, EHR and RCM solutions, including competitors who utilize a web-based platform and providers of locally installed software systems. Our competitors include larger healthcare IT companies, such as athenahealth, Inc., Allscripts Healthcare Solutions, Inc. and Greenway Medical Technologies, Inc.

Many of our competitors have longer operating histories, greater brand recognition and greater financial, marketing and other resources than us. We also compete with various regional RCM companies, some of which may continue to consolidate and expand into broader markets. We expect that competition will continue to increase as a result of incentives provided by the HITECH Act, and consolidation in both the information technology and healthcare industries. In addition, our competitive edge could be diminished or completely lost if our competition develops similar offshore operations in Pakistan or other countries, such as India and the Philippines, where labor costs are lower than those in the U.S. (although higher than in Pakistan). Pricing pressures could negatively impact our margins, growth rate and market share.

Our Solution

We believe that our fully integrated solutions uniquely address the challenges in the industry, including those presented by the Affordable Care Act. Our solutions dramatically simplify the complexities inherent in the reimbursement process and thereby deliver objectively superior results, such as reduced claim denial rates, improved customer days in accounts receivable, reduced patient no-shows, increased well visit encounters and reimbursement.

Our solutions empower our customers with the real-time data they need to be efficient and make better decisions, such as real-time insurance eligibility and deductible details, provider productivity details and payer benchmarking.

Our fully integrated suite of technology and business service solutions is designed to enable healthcare practices to thrive in the midst of a rapidly changing environment in which managing reimbursement, clinical workflows and day-to-day administrative tasks is becoming increasingly complex, costly and time-consuming. Moreover, the standard offering fee for our complete, integrated, end-to-end solution is 5% of a practice's healthcare-related revenues plus a nominal one-time setup fee, and is among the lowest in the industry.

Our Business Strategy

Our objective is to become the leading provider of integrated, end-to-end software and business service solutions to healthcare providers practicing in an ambulatory setting. To achieve this objective, we employ the following strategies:

Provide comprehensive practice management, electronic health records, revenue cycle management and mobile health solutions to small and medium size healthcare practices. We believe that physician practices are in need of an integrated, end-to-end solution, such as the solution that MTBC provides, to manage the different facets of their businesses, from clinical documentation to claim submission and financial reporting.

Provide exceptional customer service. We realize that our success is tied directly to our customers' success. Accordingly, a substantial portion of our highly trained and educated workforce is devoted to customer service activities.

Leverage significant cost advantages provided by our skilled offshore workforce. Our unique business model includes our web-based software and a cost-effective offshore workforce primarily based in Pakistan. We believe that this operating model provides us with significant cost advantages compared to other revenue cycle management companies and it allows us to significantly reduce the operational costs of the companies we acquire.

Pursue strategic acquisitions. Approximately 69% of our current practices and 66% of our current year's revenue were obtained through strategic transactions with revenue cycle management companies including the Acquired Businesses. With most of our acquisition transactions, our goal is to retain the acquired customers over the long-term and migrate those customers to our platform soon after closing. On June 30, 2013, we completed the acquisition of Metro Medical and successfully migrated 86% of acquired customers to PracticePro within eighteen months of closing. For the year ended December 31, 2014 revenue from the Metro Medical customers we acquired was 67% of the revenue generated from these customers in the year ended December 31, 2013. In our three most recent acquisitions completed on July 28, 2014, Omni, CastleRock and Practicare, we successfully migrated 72% of acquired customers to PracticePro within five months of closing, and retained 92% of acquired customers during the first five months following the acquisition.

Leverage strategic partnerships. A portion of our current customers were initially referred to MTBC by one of our existing or former channel partners. We recently entered into new channel partnership agreements with various industry-leading vendors, including another leading electronic health records vendor and a paper-based clinical solution vendor. In conjunction with these partnerships, we help 'round-out' our partners' service offerings, while receiving referrals and sharing a portion of our revenues with these partners. We entered into a revenue sharing agreement with Valiant Management Solutions, Inc. ("Valiant") on October 30, 2014. MTBC will pay 30% of the total revenue collected from Valiant's customers to Valiant for 36 consecutive months beginning in December 2014. During the year ended December 31, 2014 we recorded approximately \$262,000 of revenue from the customers serviced under this revenue sharing agreement and have recorded a liability of approximately \$43,000 to Valiant representing their 30% share of the revenue billed.

Our Service Offerings

We offer a suite of fully-integrated, web-based SaaS platform and business services designed for healthcare providers. Our products and services offer healthcare providers a unified solution designed to meet the healthcare industry's demand for the delivery of cost-efficient, quality care with measureable outcomes. The four primary components of our proprietary web-based suite of services are: (i) practice management applications, (ii) a certified electronic health records solution, (iii) revenue cycle management services and (iv) mobile health applications.

Our flagship product, PracticePro, provides our clients with a seamlessly-integrated, end-to-end solution. Our web-based electronic health records are also available to customers as a standalone product. We regularly update our software platform with the goal of staying on the leading edge of industry developments, payer reimbursements trends and new regulations.

Web-based Practice Management Application

Our proprietary, web-based practice management application automates the labor-intensive workflow of a medical office in a unified and streamlined SaaS platform. The various functions of the platform collectively support the entire workflow of the day-to-day operations of a medical office in an intuitive and user-friendly format. For example, our platform provides office staff with real-time insurance details to allow them to more efficiently collect patient payments; its automated appointment reminders reduce patient no-show rates, and scheduling functionality results in increased reimbursable patient well visit appointments. A simple, individual and secure login to our web-based platform gives physicians, other healthcare providers and staff members' access to a vast array of real time practice management data which they can access at the office or from any other location where they can access the Internet. Users can customize the "Practice Dashboard" to display only the most useful and relevant information needed to carry out their particular functions. We believe that this streamlined and centralized automated workflow allows providers to focus on delivering quality patient care rather than office administration.

Web-based Electronic Health Records

Our web-based electronic health records solution is one of the approximately 300 unique ambulatory electronic health record products that, as of February, 2015, has received 2014 Edition ONC-ACB certification as a Complete Ambulatory electronic health records solution. Moreover, in a previous study, KLAS, a leading independent industry assessor of healthcare information technology products, issued its annual electronic health records ranking and MTBC placed number five in our target market of one to ten providers, outperforming most leading electronic health records. A healthcare provider can use our solution to demonstrate “meaningful use” under federal law to earn incentives and avoid penalties. Our web-based electronic health records allow a provider to view all patient information in one online location, thus avoiding the need for numerous charts and records for each patient. Utilizing our web-based electronic health records solution, providers can track patients from their initial appointments; chart clinical data, history, and other personal information; enter and submit claims for medical services; and review and respond to queries for additional information regarding the billing process. Additionally, the electronic health record software delivers a robust document management system to enable providers to transition to paperless environments. The document management function makes available electronic connectivity between practitioners and patients, thereby streamlining patient care coordination and communications.

Revenue Cycle Management and other Technology-driven Business Services

Our proprietary revenue cycle management offering is designed to improve the medical billing reimbursement process, allowing healthcare providers to accelerate and increase collections, reduce errors in submission and streamline workflow to free up practitioners to focus on patient care. Customers using PracticePro will generally see an improvement in their collections, as illustrated by the following for 2014:

- Our first pass acceptance rate is approximately 97%.
- Our first pass resolution rate is approximately 96%.
- Our clients’ median days in accounts receivable is 35 days for primary care and 38 days for combined specialties.

These rates are among the most competitive in the industry and compare favorably with the performance of our largest competitor, among others. Our revenue cycle management service employs a proprietary rules-based system designed and constantly updated by our knowledgeable workforce, who screens and scrubs claims prior to submission for payment.

Mobile Health Solutions

The functionality of our cloud-based platform is extended to mobile devices through our integrated suite of mobile health applications. These mobile health applications include physician end-user tools that support, among other things, electronic prescribing, the capture of billing charges in the current medical coding formats, and the creation and secure transfer of clinical audio notes that are converted into text and billing charges. We also offer iCheckIn, a patient check-in app for iOS and Android-based tablet devices. Our patient applications allow patients to access their medical information, securely communicate with their doctors' office, schedule appointments, request prescription refills, pay balances and check-in for office appointments.

Voting Rights of Our Directors, Executive Officers, and Principal Stockholders

As of December 31, 2014 43.8% of both the shares of our common stock and voting power of our common stock are held by our directors and executive officers. Therefore, they have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of our directors, as well as the overall management and direction of our company. In addition, 9.5% of the shares and voting power of our common stock is held by the former shareholders of Omni, one of the Acquired Businesses.

Corporate Information

We were incorporated in Delaware on September 28, 2001 under the name Medical Transcription Billing, Corp. Our principal executive offices are located at 7 Clyde Road, Somerset, New Jersey 08873, and our telephone number is (732) 873-5133. Our website address is www.mtbc.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this Annual Report on Form 10-K, and you should not consider information on our website to be part of this document.

MTBC, MTBC.com and A Unique Healthcare IT Company, and other trademarks and service marks of MTBC appearing in this Annual Report on Form 10-K are the property of MTBC. Trade names, trademarks and service marks of other companies appearing in this Annual Report on Form 10-K are the property of their respective holders.

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We will remain an emerging growth company until the earlier of the last day of the fiscal year following the fifth anniversary of the completion of our IPO dated July 23, 2014, the last day of the fiscal year in which we have total annual gross revenue of at least \$1.0 billion, the date on which we are deemed to be a large accelerated filer (this means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the end of the second quarter of that fiscal year), or the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period. An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

• We will present only two years of audited financial statements and only two years of related management's discussion and analysis of financial condition and results of operations.

• We will avail ourselves of the exemption from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002.

- We will provide less extensive disclosure about our executive compensation arrangements.

• We will not require shareholder non-binding advisory votes on executive compensation or golden parachute arrangements.

However, we are choosing to "opt out" of the extended transition periods available under the JOBS Act for complying with new or revised accounting standards.

Where You Can Find More Information

Our website address, which we use to communicate important business information, can be accessed at: www.mtbc.com. We make our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports available free of charge on or through our website as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). Materials we file with or furnish to the SEC may also be read and copied at the SEC's Public reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference

Room may be obtained by calling the SEC at 1-800-SEC-0330. Also, the SEC Internet site (www.sec.gov) contains reports, proxy and information statements, and other information that we file electronically with the SEC.

Item 1A. Risk Factors

We are a smaller reporting company as defined by 17C.F.R. 229.10(f)(1) and are not required to provide information under this item.

Item 1B. Unresolved Staff Comments

N/A

Item 2. Properties

Our corporate headquarters are located at 7 Clyde Road, Somerset, New Jersey 08873 where we occupy approximately 2,400 square feet of space under a lease, the terms of which expire on September 30, 2017. Additionally, we lease approximately 48,100 square feet of office space and computer server facilities in Pakistan. During 2014, the Company subleased office space in several U.S. cities from each of the Acquired Businesses, and entered into a one year lease in one city. We believe our current facilities are adequate for our current needs and that suitable additional space will be available as and when needed.

Item 3. Legal Proceedings

In the normal course of business, we may be subject to various legal and administrative proceedings. Currently, there are no material legal proceedings pending or threatened against us.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed and trading on the NASDAQ Capital Market under the symbol "MTBC" since July 23, 2014. Prior to July 23, 2014, there was no established public trading market for our common stock.

The following table presents information on the high and low sales prices per share as reported on the NASDAQ Capital Market for our common stock for the periods indicated during such periods:

	2014	
	High	Low
Fourth Quarter	\$3.64	\$2.02
Third Quarter	\$5.00	\$3.00

No purchases of our common stock were made by us or on our behalf during the quarter ended December 31, 2014.

Holders

As of March 16, 2015 there were 478 holders of record of our common stock.

Dividends

We have not declared a cash dividend on our common stock since we become public on July 23, 2014, and currently we do not anticipate paying any cash dividends to holders of our common stock. The Company is prohibited from paying any dividends without the prior written consent of its senior lender, TD Bank.

Recent Sales of Unregistered Securities

There were no sales of unregistered equity securities during the year ended December 31, 2014.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Securities Authorized for Issuance under the Equity Compensation Plan

As of December 31, 2014, the following table shows the number of securities to be issued upon vesting under the equity compensation plan approved by the Company's Board of Directors.

Plan Category	(a) Number of securities to be issued upon vesting	(b) Number of securities remaining available for future issuance under equity incentive plan (excluding securities reflected in column (a))
Equity compensation plan approved by security holders	482,250	868,750
Total	482,250	868,750

Item 6. Selected Financial Data

The selected consolidated statements of operations data presented below for the years ended December 31, 2014 and 2013 as well as the consolidated balance sheet data as of December 31, 2014 and 2013, are derived from our audited consolidated financial statements included in this Annual Report on Form 10-K. The selected consolidated statements of operations data presented below for the years ended December 31, 2012, 2011 and 2010 as well as the consolidated balance sheet data as of December 31, 2012, 2011 and 2010 are derived from our consolidated financial statements not included in this Annual Report on Form 10-K. Historical results are not necessarily indicative of the results that may be expected in the future.

You should read the following selected consolidated financial data in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Consolidated Financial Statements appearing on page F-1 in this Annual Report on Form 10-K. Note 4 of our Consolidated Financial Statements discusses the acquisitions by the Company in 2013 and 2014 which accounts for a significant portion of the increases in revenue and expenses in those years.

Consolidated Statements of Operations Data

	Year ended December 31,				
	2014	2013	2012	2011	2010
	(\$ in thousands, except per share data)				
Net revenue	\$ 18,303	\$ 10,473	\$ 10,017	\$ 10,089	\$ 9,229
Operating expenses:					
Direct operating costs	10,636	4,273	4,257	4,506	3,914
Selling and marketing	253	249	266	198	202
General and administrative	9,943	4,743	4,397	3,832	3,671
Research and development	532	386	396	410	409
Change in contingent consideration	(1,811)	-	-	-	-
Depreciation and amortization	2,791	949	679	546	509
Total operating expenses	22,344	10,600	9,995	9,492	8,705
Operating (loss) income	(4,041)	(127)	22	597	524
Interest (income) expense — net	157	136	74	16	25
Other (expense) income — net	(135)	230	169	133	(112)
(Loss) income before provision for income taxes	(4,333)	(33)	117	714	387
Income tax provision	176	145	-	244	140
Net (loss) income	\$(4,509)	\$(178)	\$ 117	\$ 470	\$ 247
Weighted average common shares outstanding					
Basic and diluted	7,084,630	5,101,770	5,101,770	5,101,770	5,101,770
Net (loss) income per share					
Basic and diluted	\$(0.64)	\$(0.03)	\$ 0.02	\$ 0.09	\$ 0.05

Consolidated Balance Sheet Data	As of December 31,				
	2014	2013	2012	2011	2010
	(\$ in thousands)				
Cash	\$1,049	\$498	\$268	\$408	\$302
Working capital - net (1)	(3,559)	(1,621)	(504)	279	(572)
Total assets	23,107	5,773	3,484	2,838	3,537
Long-term debt	49	1,634	330	414	412
Shareholders' equity (deficit)	14,321	118	406	360	(109)

(1) Working capital-net is defined as current assets less current liabilities.

4,853,236

\$
6,475,174

Mutual Funds - Growth

6,911,683

12,728,194

Mutual Funds - Income

1,339,981

3,621,320

Mutual Funds - Value

6,147,842

8,270,280

Mutual Funds - Target Date

1,858,889

1,840,070

Brokerage Securities

663,154

1,296,688

IDACORP, Inc. Common Stock

7,940,359

5,355,800

Net appreciation

\$
29,715,144

\$
39,587,526

9

4. FAIR VALUE MEASUREMENTS

The fair values of investments are classified based on the lowest level of any input that is significant to the fair value measurement. The Plan classifies its investments into Level 1, which refers to securities valued using unadjusted quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following table presents by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis at December 31, 2010 and 2009.

Fair Value Measurements at December 31, Using

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2010:				
IDACORP, Inc. Common Stock	\$55,969,569	\$—	\$—	\$55,969,569
Mutual Funds				
Blend	42,800,755	—	—	42,800,755
Growth	52,541,570	—	—	52,541,570
Income	84,284,471	—	—	84,284,471
Value	47,645,493	—	—	47,645,493
Target Date	23,578,808	—	—	23,578,808
Brokerage Securities	4,469,095	—	—	4,469,095
Total	\$311,289,761	\$—	\$—	\$311,289,761
2009:				
IDACORP, Inc. Common Stock	\$53,016,646	\$—	\$—	\$53,016,646
Mutual Funds				
Blend	36,482,402	—	—	36,482,402
Growth	45,695,044	—	—	45,695,044
Income	81,455,484	—	—	81,455,484
Value	38,058,265	—	—	38,058,265
Target Date	15,609,488	—	—	15,609,488
Brokerage Securities	3,790,803	—	—	3,790,803
Total	\$274,108,132	\$—	\$—	\$274,108,132

For the year ended December 31, 2010, there were no transfers between Levels 1, 2 or 3.

5. PLAN TERMINATION

Although it has not expressed the intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. The Plan Document includes provisions for the distribution of vested contributions in the event of the termination of the Plan.

6. FEDERAL INCOME TAX STATUS

The Company received a determination letter, dated August 1, 2001, from the Internal Revenue Service stating that the Plan, as amended, is qualified under Sections 401 and 501 of the IRC. The Plan has been amended since receiving the determination letter. The Company filed for a new Internal Revenue Service determination letter in January 2011. The Company and the Plan Administrator believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC and that the Plan and related trust continue to be tax-exempt. Participants in a qualified plan are not subject to income taxes on Company contributions or dividend income allocated to their accounts until a distribution is made from the Plan. Therefore, no provision for income taxes has been included in the Plan's financial statements. Dividends paid under the dividend pass-through feature (see Note 1) are considered taxable income to the participant in the year received.

7. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are managed by Mercer. Mercer is the trustee as defined by the Plan and, therefore, these transactions qualified as party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund.

At December 31, 2010 and 2009, the Plan held 1,513,509 and 1,659,363 shares, respectively, of common stock of IDACORP, Inc., the parent company of the sponsoring employer, with a cost basis of \$44,056,721 and \$47,252,184, respectively.

During the years ended December 31, 2010 and 2009, the Plan recorded dividend income from IDACORP of \$1,874,848 and \$2,031,139, respectively.

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following table reconciles net assets available for benefits per the Plan's financial statements to the Form 5500:

	December 31,	
	2010	2009
Net assets available for benefits per the financial statements	\$315,801,535	\$277,770,817
Total deemed distributions to participants	(166,272)(98,818)
Net assets available for benefits per the Form 5500	\$315,635,263	\$277,671,999

The following table reconciles the increase in net assets per the financial statements to the Form 5500:

	Year ended December 31,	
	2010	2009
Increase in net assets per the financial statements	\$38,030,718	\$52,671,782
Less: Increase in deemed distributions to participants	(59,196)(11,952)
Less: Interest on deemed distributions	(8,258)(7,327)
Net income per the Form 5500	\$37,963,264	\$52,652,503

IDAHO POWER COMPANY EMPLOYEE SAVINGS PLAN

FORM 5500, SCHEDULE H, PART IV, LINE 4i, SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2010

(a)	(b)	(c)	(d)	(e)
	Identity of Issue	Description of Investment	Cost**	Current Value
*	IDACORP, Inc.	Common Stock		\$55,969,569
	Dreyfus	Dreyfus Treasury Prime Cash Management Fund		36,117,887
	Dodge & Cox Funds	Dodge & Cox Income Fund		29,128,932
	Vanguard	Vanguard Institutional Index Fund		25,277,546
	Harbor Funds	Harbor Capital Appreciation Fund		17,878,956
	T. Rowe Price	T. Rowe Price Equity Income Fund		16,126,255
	Pimco Allianz Investments	Allianz NFJ Small Cap Value Institutional		15,706,494
	Vanguard	Vanguard Balanced Index Fund		9,997,598
	Invesco Investments	Invesco International Growth Fund		9,956,356
	Vanguard	Vanguard Total Bond Market Index Fund		8,138,945
	Invesco Investments	Invesco Small Cap Growth Fund		7,959,527
	Artisan Funds	Artisan International Fund		7,151,076
	Loomis Sayles	Loomis Sayles Mid Cap Growth Fund		6,074,179
		Institutional		
	Dimensional Fund Advisors	DFA International Value Portfolio		5,652,238
	Wells Fargo Funds	Wells Fargo Advantage Dow Jones Target 2020		4,871,671
	Wells Fargo Funds	Wells Fargo Advantage Dow Jones Target 2010		4,750,251
	Wells Fargo Funds	Wells Fargo Advantage Dow Jones Target 2015		4,743,127
	Brokerage Account	Brokerage Securities		4,469,095
	Causeway Funds	Causeway International Value Fund Institutional		4,275,671
	Putnam Investments	Putnam Equity Income Fund		4,209,289
	Harding Loevner Funds	Harding Loevner Emerging Markets Portfolio		3,521,476
	Pimco Allianz Investments	PIMCO Commodity Real Return Strategy Fund		3,459,492
	Putnam Investments	Putnam High Yield Trust		2,980,068
	Dimensional Fund Advisors	DFA International Small Company Portfolio		2,738,794
	Wells Fargo Funds	Wells Fargo Advantage Dow Jones Target 2030		2,699,043
	Putnam Investments	Putnam Global Income Trust		2,364,365
	Payden Funds	Payden Short Bond Fund		2,093,828
	Wells Fargo Funds	Wells Fargo Advantage Dow Jones Target 2025		2,081,044
	Vanguard	Vanguard Total International Stock Index Fund		1,732,211
	Artisan Funds	Artisan Mid Cap Value Fund		1,675,546
	Wells Fargo Funds	Wells Fargo Advantage Dow Jones Target 2040		1,610,434
	Wells Fargo Funds	Wells Fargo Advantage Dow Jones Target 2035		1,607,275
	Vanguard	Vanguard Small Cap Index Fund		1,595,752
	Vanguard	Vanguard Mid Cap Index Fund		1,458,854
	Wells Fargo Funds	Wells Fargo Advantage Dow Jones Target		581,003
		Today		
	Wells Fargo Funds	Wells Fargo Advantage Dow Jones Target 2045		420,672
	Wells Fargo Funds	Wells Fargo Advantage Dow Jones Target 2050		214,288
*	Mercer	Pending Account		954
* ***	Participant Loans	Interest rates 4.25% - 9.25%		4,005,062

\$315,294,823

* Denotes a permitted party-in-interest with respect to the Plan.

** Cost information is not required for participant-directed investments and, therefore, is not included.

*** Net of \$166,272 in deemed loan distributions.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, Idaho Power Company, as Plan Administrator, has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Idaho Power Company
Employee Savings Plan

By: /s/ Darrel T. Anderson
Idaho Power Company, as Plan
Administrator, by Darrel T. Anderson,
Executive Vice President – Administrative
Services and Chief Financial Officer

Date: June 28, 2011

EXHIBIT INDEX

Exhibit Number	Exhibit
23	Consent of Independent Registered Public Accounting Firm