

MEDICAL TRANSCRIPTION BILLING, CORP
Form 424B5
September 07, 2016

Registration No. 333-210391

PROSPECTUS SUPPLEMENT

(To the Prospectus dated May 9, 2016)

Medical Transcription Billing, Corp.

Client Loyalty Program

100,000 Shares of Common Stock

Medical Transcription Billing, Corp. (“MTBC” or the “Company”) is pleased to offer up to 100,000 shares (the “Shares”) of its Common Stock, par value \$0.001 per share (“Common Stock”), to certain qualifying individuals pursuant to the MTBC Client Loyalty Program (the “Program”) described in this prospectus supplement. Eligible MTBC clients will receive offers to receive a specified number of Shares (each a “Client Loyalty Reward”) at no cost to the recipient.

As described further in this prospectus supplement, offers that MTBC plans to make include:

Initial Offers: Medical service providers who are active MTBC medical billing clients will each receive an offer for 100 Shares. In addition, one provider within a practice that redeems our offer will be able to designate an office manager or administrative person at their practice to receive an offer for 25 Shares of their own. Clients utilizing MTBC services other than medical billing who are current in their account balance will each receive an offer for 25 Shares.

New Client Offers: New medical service providers who sign MTBC’s standard new account agreement prior to December 31, 2016 and become active MTBC medical billing clients no later than February 28, 2017 will each receive an offer to receive 100 Shares. One medical service provider within a practice that redeems our offer will be able to designate an office manager or administrative person at their practice to receive an offer to receive 25 Shares.

Referral Offers: Medical service providers who are active MTBC clients that refer new clients to MTBC during the period from August 31, 2016 through December 31, 2016 will each receive an offer for 1,000 Shares per qualifying referral. For a new client referral to qualify for this offer, the new client must not be an existing client of MTBC's, and they must begin utilizing MTBC's medical billing services by February 28, 2017.

We believe that MTBC's Client Loyalty Program presents a unique opportunity to thank our clients for their loyalty and to let our clients develop a greater interest in expanding our services to other medical practices in their community. Persons participating in the Program are sometimes referred to in this prospectus supplement as "participants" or "you."

Shares offered under the Program are offered through LOYAL3 Securities, Inc., a U.S. registered broker-dealer ("LOYAL3"). LOYAL3 will act as broker and agent for participants in the Program in all Program transactions. Eligible persons must open a new brokerage account with LOYAL3 ("LOYAL3 Account") in order to participate in the Program. Eligible persons need not be a current stockholder of MTBC to participate in our Program.

As described in more detail in this prospectus supplement, the following features are available to participants and participants must agree to certain terms:

Simple Enrollment and Easy to Redeem Awards. Participants can enroll and redeem Client Loyalty Rewards at the link provided to them in their offer communication, which generally will be sent by email.

Limited Offer – First Come, First Served. The Program is initially limited to an aggregate of 100,000 Shares to be issued as Client Loyalty Rewards. Client Loyalty Reward claims will be accepted and fulfilled on a first-come, first-served basis. MTBC will have no obligation to honor redemption requests after 100,000 Shares have been redeemed. Client Loyalty Rewards must be redeemed within the time period specified in the applicable offer.

No Fees to Enroll and Redeem Client Loyalty Rewards. A participant will be able to redeem a Client Loyalty Reward offer at no cost to the participant. Participants may withdraw proceeds from sale of any Share by electronic transfer to their bank account. While there are no fees to enroll or sell shares at this time, LOYAL3 may elect to charge service fees in the future, as described in this prospectus supplement.

Fully Electronic Stockholder Communications. To participate in our Program, participants must agree, subject to applicable law, to receive all stockholder communications from MTBC through LOYAL3 electronically.

Review Positions Online. Participants can access positions and history and engage in Program transactions through their account on the LOYAL3 technology platform.

No Control over Exact Timing of Transactions. Participants will not have control over the exact timing of transactions or the price of Shares at the time of any redemption of a Client Loyalty Reward or sale of Shares, as Program transaction orders are executed on a batched basis, as described in this prospectus supplement.

Right to Suspend. The Program, and redemptions of Client Loyalty Rewards issued thereunder, may be suspended, modified, terminated or extended at any time.

The terms and conditions of the Program may be changed, limited, modified or eliminated at any time.

Our Common Stock currently trades on the Nasdaq Capital Market, with the trading symbol "MTBC." The last reported sale price of our Common Stock on August 31, 2016 was \$0.97 per share. Redemptions of Client Loyalty Rewards will be fulfilled through delivery of treasury shares held by MTBC.

As of the date of this prospectus supplement, the aggregate market value of our outstanding voting and non-voting common equity held by non-affiliates was \$5,494,144, based on 10,252,240 shares of outstanding common stock, of which 4,905,486 shares were held by non-affiliates, and a per share price of \$1.12, which was the last sale price of our common stock on the Nasdaq Capital Market on July 21, 2016. Pursuant to General Instruction I.B.6 of Form S-3, in no event will we sell securities in a public primary offering with a value exceeding one-third of our public float in any 12-month period so long as our public float remains below \$75,000,000. As of the date of this prospectus supplement, we have sold \$1,576,000 of securities pursuant to General Instruction I.B.6 of Form S-3 during the prior 12-calendar month period that ends on, and includes, the date of this prospectus supplement.

Owning our Common Stock involves significant risks. You should review our annual and periodic reports filed with the Securities and Exchange Commission and incorporated by reference herein. Please carefully consider the risk factors beginning on page S-3 of this prospectus supplement and beginning on page 9 of our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 24, 2016, review the disclosure under the heading "Certain U.S. Federal Income Tax Considerations," and consult your tax advisor prior to redeeming any Client Loyalty Reward.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY

IS A CRIMINAL OFFENSE.

Client Loyalty Program Administrator:

LOYAL3 Securities, Inc.

Prospectus Supplement dated September 7, 2016.

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Prospectus

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is the prospectus supplement, which describes the terms of the offering of the securities and also adds to, and updates, information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference herein and therein, on the other hand, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus. We have not authorized any other person to provide you with information different from that contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus or in any free writing prospectus that we may provide to you. Neither we nor any agent has authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor any Agent is making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should not assume that the information in this prospectus supplement, the accompanying prospectus or any other offering materials are accurate as of any date other than the date on the front of each document, regardless of the time of delivery of this prospectus supplement, the accompanying prospectus or any award or redemption of Client Loyalty Rewards or any sale of securities. Our business, financial condition, results of operations and prospects may have changed since then.

This document may only be used where it is legal to sell these securities. We are not making an offer of these securities in any state where the offer is not permitted and are only making this offer available to eligible clients in the United States and Puerto Rico.

Except as otherwise indicated or unless the context requires, as used in this prospectus supplement and the accompanying prospectus, references to “MTBC,” “we,” “us” and “our” refer to Medical Transcription Billing, Corp. and its consolidated subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the sections entitled “Prospectus Summary,” “Risk Factors,” “Use of Proceeds,” “About This Prospectus” and “About Medical Transcription Billing, Corp.,” as well as the information we incorporated by reference from our Annual Report on Form 10-K and other documents contain forward-looking statements within the meaning of the federal securities laws. These statements relate to anticipated future events, future results of operations or future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may,” “might,” “will,” “should,” “intends,” “expects,” “plans,” “goals,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these terms or other comparable terminology.

These forward-looking statements are only predictions, are uncertain and involve substantial known and unknown risks, uncertainties and other factors which may cause our (or our industry’s) actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. The “Risk Factors” section of this prospectus sets forth detailed risks, uncertainties and cautionary statements regarding our business and these forward-looking statements. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all of the risks and uncertainties that could have an impact on the forward-looking statements, including without limitation, risks and uncertainties relating to:

our ability to manage our growth, including acquiring, partnering with, and effectively integrating other businesses into our infrastructure;

our ability to retain our clients and revenue levels, including effectively migrating and keeping new clients acquired through business acquisitions and maintaining or growing the revenue levels of our new and existing clients;

our ability to attract and retain key officers and employees, including Mahmud Haq and personnel critical to the transitioning and integration of our newly acquired businesses;

our ability to raise capital and obtain and maintain financing on acceptable terms;

our ability to compete with other companies developing products and selling services competitive with ours, and who may have greater resources and name recognition than we have;

our ability to maintain operations in Pakistan and Poland in a manner that continues to enable us to offer competitively priced products and services;

our ability to keep and increase market acceptance of our products and services;

our ability to keep pace with a rapidly changing healthcare industry;

our ability to consistently achieve and maintain compliance with a myriad of Federal, State, foreign, local, payor and industry requirements, regulations, rules and laws;

our ability to protect and enforce intellectual property rights;

our ability to maintain and protect the privacy of client and patient information; and

our ability to meet continuing listing standards on the Nasdaq Capital Market, including its requirement that the minimum bid price for our common stock be at or above \$1.00.

We cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the U.S., we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or other investments or strategic transactions we may engage in.

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PROSPECTUS SUMMARY

The following summary highlights selected information contained in this prospectus supplement and the accompanying prospectus. This summary does not contain all the information that may be important to you. You should read the more detailed information contained in this prospectus supplement and the accompanying prospectus, including but not limited to, the risk factors beginning on page S-3.

Medical Transcription Billing, Corp., together with its consolidated subsidiaries (the “Company”), 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 clients increase revenues, streamline workflows and make better business and clinical decisions, while reducing administrative burdens and operating costs.

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 clients 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.

Our financial performance is linked directly to the financial performance of our clients because the vast majority of our revenues are based on a percentage of our clients’ collections. The standard fee for our complete, integrated, end-to-end solution is calculated as a percentage of a practice’s healthcare-related revenues plus a one-time setup fee, and is among the lowest in the industry.

Our growth strategy involves four primary approaches: acquiring RCM companies and then migrating the clients of those companies to our solutions, partnering with smaller RCM companies to service their clients while paying them a share of revenue received, partnering with EHR and other vendors that lack an integrated solution and integrating our solutions with their offerings and selling our solutions directly to healthcare providers practicing in ambulatory settings.

On July 23, 2014, the Company completed its initial public offering of common stock. The Company sold approximately 4 million shares to the public.

During November 2015, the Company completed a preferred stock offering, selling Series A Preferred Stock publicly. The Company sold 231,616 shares at a price of \$25.00 per share. In July 2016, the Company sold another 63,040 shares at a price of \$25.00 per share.

Our growth strategy includes acquiring RCM companies and then migrating the clients of those companies to our solutions. The RCM service industry is highly fragmented, with many local and regional RCM 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 RCM services and that no one company has more than a 7% share of the market. We further believe that it is becoming increasingly difficult for traditional RCM companies to meet the growing technology and business service needs of healthcare providers without a significant investment in information technology infrastructure.

On July 28, 2014, the Company acquired Omni Medical Billing Services, LLC, Practicare Medical Management, Inc. and CastleRock Solutions, Inc. On July 10, 2015, the Company acquired SoftCare Solutions, Inc. and on August 31, 2015, the Company acquired Med Tech Professional Billing. On February 15, 2016, the Company acquired Gulf Coast Billing Inc. and on May 1, 2016, the Company acquired Renaissance Physician Services. Our plan is to move clients acquired through acquisitions to our operating platform in order to increase efficiencies. The SoftCare acquisition expanded the Company's operations to include EDI and clearinghouse services.

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In addition, our growth strategy includes strategic partnerships with other industry participants, including electronic health records vendors, in which the vendors refer clients 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 clients MTBC's revenue cycle management, practice management and mobile health capabilities.

Our principal executive offices are located at 7 Clyde Road, Somerset, New Jersey, 08873, and our main telephone number is (732) 873-5133.

Client Loyalty Program

MTBC has formed this Client Loyalty Program to enable medical providers who are clients of MTBC and meet certain eligibility standards the opportunity to receive Shares as a thank you for using MTBC's services or referring new clients. Eligible clients will receive offers to receive a specified number of Shares from MTBC. All offers are subject to eligibility criteria set forth herein.

Initial Offers: Medical service providers who are active MTBC medical billing clients and are current in their account balance will each receive an offer for 100 Shares. In addition, one provider within each practice that redeems our offer will be able to designate an office manager or administrative person at their practice to receive an offer for 25 Shares of their own. Clients utilizing MTBC services other than medical billing who are current in their account balance will each receive an offer for 25 Shares.

New Client Offers: New medical service providers who sign MTBC's standard new account agreement prior to December 31, 2016 and become active MTBC medical billing clients no later than February 28, 2017 will each receive an offer to receive 100 Shares. New Client Offers are subject to the new medical service provider being current in their account balance and meeting eligibility criteria set forth herein. In addition, one new medical service provider within a practice that redeems our offer will be able to designate an office manager or administrative person at their practice to receive an offer to receive 25 Shares.

Referral Offers: Medical service providers who are active MTBC clients that refer new qualifying clients to MTBC during the period from August 31, 2016 through December 31, 2016 will each receive an offer for 1,000 Shares per qualifying referral. For a new client referral to qualify for this offer, the new client must not be an existing client of MTBC's, they must sign MTBC's standard new account agreement and begin utilizing MTBC's medical billing services by February 28, 2017.

RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below and in the documents incorporated by reference into this prospectus supplement and the accompany prospectus that summarizes the risks that may materially affect our business before making an investment in our Common Stock. The risks and uncertainties described in this prospectus supplement and the accompanying prospectus are not the only ones we face. Additional risks and uncertainties that we do not presently know about or that we currently believe are not material may also adversely affect our business, business prospects, results of operations or financial condition. If any of the risks and uncertainties described in this prospectus supplement and the accompanying prospectus or the documents incorporated by reference into this prospectus actually occurs, then our business, results of operations and financial condition could be adversely affected in a material way. This could cause the market price of our Common Stock to decline, perhaps significantly, and you may lose part or all of your investment.

Risks Relating to Participation in the Program

Because you will not have control over the exact timing of transactions, you will not know the price of the Shares you are obtaining upon redemption of a Client Loyalty Reward or the price at which you sell your Shares under the Program at the time you authorize the sale.

You will not have complete control over the exact timing of transactions under the Program. In particular, you will not have complete control over the price of Shares at the time you place a sell order, as Program transaction orders are executed on a batched basis – meaning that your order will be batched or combined with orders from other participants. Unlike a market order placed in an ordinary brokerage account, there may be a substantial delay between the time you enter your sale order and the time it is executed. Order processing may be further delayed by market events such as trading halts, whether due to external causes, such as exchange halts (which would apply to all securities transactions) or suspension of Program trading activity initiated by LOYAL3 or by the Company (at LOYAL3's or the Company's sole discretion), or by the exchange. In the event of a trading halt or Program activity suspension, sale orders will be executed according to LOYAL3's batch trading policies on the first available day after the trading halt or Program activity suspension is lifted.

As a result of the batch method of transactions, the price of Shares of our Common Stock may fluctuate, perhaps significantly, between the time you decide to sell your Shares under the Program and the time of actual execution of such transaction, potentially causing you to suffer a greater loss on your investment. During this time period, you may become aware of additional information that might affect your investment decision, but you will not be able to change or cancel your redemption authorization.

The public trading volume and stock price of our Common Stock can vary significantly from day to day. From January 1 to August 31, 2016, there were 4 days when under 100 shares traded, and 23 days when over 50,000 shares traded. Accordingly, your exposure to this type of risk with respect to our Common Stock may be more significant than it would be for a company whose shares are more heavily traded. In the event that there is insufficient market demand for our Common Stock in the public trading market, or an absence of bids within defined price ranges, LOYAL3 may limit the amount of shares sold on behalf of participants on any trading day, or may delay processing of sales orders. In such cases, LOYAL3 may process all or a portion of pending sale orders on the first available day on which trading activity is sufficient to process the trades consistent with this trading policy. In order to facilitate to foregoing trading policy and LOYAL3's ability to obtain the most advantageous available execution of customer orders, all sale orders will be treated as "not held" orders, in which you authorize LOYAL3 to sell the shares on your behalf without specifying the price or time of sale.

The time between the placement of a redemption order and the execution of that order also could be substantial. Once an eligible client that has received a Client Loyalty Reward has enrolled in the Program and redeemed a Client Loyalty Reward, LOYAL3 will generally deposit the Shares in such participant's account within 10 trading days, although it may take longer (particularly in the case of an initial redemption and account opening).

We may limit, add to, suspend, modify, terminate or extend the Program, or redemptions of Client Loyalty Rewards, at any time.

At any time and in our sole discretion, we may limit, add to, suspend, modify, terminate or extend the Program, or redemptions of Client Loyalty Rewards under the Program, or any of its terms and conditions, which could result in the realization of substantially fewer benefits to participants than what you may expect. Or more clients may redeem their rewards than we expect, causing us to reach the maximum number of shares authorized under the Program before you redeem your Rewards.