

HEALTHWAYS, INC
Form 10-Q
November 08, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended September 30, 2012

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 000-19364

HEALTHWAYS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

62-1117144
(I.R.S. Employer
Identification No.)

701 Cool Springs Boulevard, Franklin, TN 37067
(Address of Principal Executive Offices) (Zip Code)

615-614-4929
(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, if
changed since last report)

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of November 2, 2012, there were outstanding 33,931,516 shares of the registrant's common stock, par value \$.001 per share.

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Part I

Item 1. Financial
Statements

HEALTHWAYS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

ASSETS

	September 30, 2012	December 31, 2011
Current assets:		
Cash and cash equivalents	\$ 2,571	\$ 864
Accounts receivable, net	103,043	97,459
Prepaid expenses	11,624	11,417
Other current assets	5,346	1,412
Income taxes receivable	173	6,065
Deferred tax asset	10,115	10,314
Total current assets	132,872	127,531
Property and equipment:		
Leasehold improvements	38,900	41,622
Computer equipment and related software	284,786	239,732
Furniture and office equipment	25,275	26,324
Capital projects in process	10,930	17,811
	359,891	325,489
Less accumulated depreciation	(205,335)	(183,301)
	154,556	142,188
Other assets	20,594	10,797
Intangible assets, net	91,572	92,997
Goodwill, net	338,744	335,392
Total assets	\$ 738,338	\$ 708,905

See accompanying notes to the consolidated financial statements.

HEALTHWAYS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2012	December 31, 2011
Current liabilities:		
Accounts payable	\$ 23,809	\$ 22,578
Accrued salaries and benefits	23,185	35,617
Accrued liabilities	33,059	28,639
Deferred revenue	6,596	9,273
Contract billings in excess of earned revenue	17,813	13,154
Current portion of long-term debt	12,132	3,725
Current portion of long-term liabilities	5,642	5,771
Total current liabilities	122,236	118,757
Long-term debt	281,568	266,117
Long-term deferred tax liability	31,668	26,964
Other long-term liabilities	26,370	31,351
Stockholders' equity:		
Preferred stock		
\$.001 par value, 5,000,000 shares		
authorized, none outstanding	—	—
Common stock		