

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): May 6, 2020

MEDNAX, INC.

(Exact Name of Registrant as Specified in Its Charter)

Florida
(State or Other Jurisdiction
of Incorporation)

001-12111
(Commission
File Number)

26-3667538
(IRS Employer
Identification No.)

**1301 Concord Terrace
Sunrise, Florida 33323**
(Address of principal executive office) (zip code)

Registrant's telephone number, including area code (954) 384-0175

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.01 per share	MD	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 7.01 Regulation FD Disclosure.

On May 6, 2020, MEDNAX, Inc., a Florida corporation (“MEDNAX” or the “Company”), issued a press release disclosing the entrance into the Transaction (as defined in Item 8.01 of this Current Report on Form 8-K). A copy of the press release is furnished as Exhibit 99.1 hereto and incorporated by reference herein. The information contained in this Item 7.01, including Exhibit 99.1, shall not be deemed “filed” with the Securities and Exchange Commission nor incorporated by reference in any registration statement or other document filed by the Company under the Securities Act of 1933, as amended (the “Securities Act”), except as shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Information.

On May 6, 2020, MEDNAX, Inc., a Florida corporation (the “Company”), through MEDNAX Services, Inc., a Florida corporation and wholly-owned subsidiary of the Company (“MEDNAX Services”), entered into a Securities Purchase Agreement (the “Purchase Agreement”) with NMSC II, LLC, a Delaware limited liability company (“Buyer”) and an affiliate of North American Partners in Anesthesia (“NAPA”), pursuant to which Buyer acquired all of the outstanding capital stock (the “Transaction”) of American Anesthesiology, Inc., a Florida corporation (“American Anesthesiology”), which comprised the Company’s anesthesiology medical group.

MEDNAX, through practices affiliated with American Anesthesiology, began providing anesthesia services in 2007, and for the year ended December 31, 2019, American Anesthesiology generated revenue of approximately \$1.2 billion. During the time that it operated as part of MEDNAX, and particularly since 2017, American Anesthesiology experienced multiple business challenges, including inflation in unit labor costs and other expenses, constraints to revenue growth based on adverse changes in payor mix, and a difficult reimbursement environment where unit revenues grew at levels meaningfully below unit costs.

These challenges have been significantly exacerbated by the impacts on American Anesthesiology affiliated practices of the current COVID-19 pandemic and the mass cancellation of non-emergent and elective surgical procedures. On a preliminary basis, MEDNAX estimates that operating revenue for American Anesthesiology for the month of April was below the Company’s pre-COVID-19 outlook by approximately 60% to 70%. Despite the Company’s previously announced operational response and cost savings implemented in response to COVID-19, the cost structure in American Anesthesiology, and the wide range of contracts underlying both clinician and hospital customer agreements, meaningfully limit American Anesthesiology’s flexibility to reduce costs commensurate with this revenue impact in the current environment.

In recent months, the Board of Directors of MEDNAX, together with the Company’s management and professional advisors, have explored strategic alternatives with respect to American Anesthesiology, including the option of divestiture, and have engaged in detailed discussions with multiple industry participants. Based on those discussions and the Company’s own review of historical, current and anticipated operating trends as discussed above, the Board of Directors of MEDNAX unanimously determined to complete the Transaction.

The Transaction includes four primary elements of value. These include the receipt by MEDNAX of \$50 million of cash at closing, subject to certain customary adjustments. In addition, MEDNAX retained the accounts receivable of American Anesthesiology, which, net of various other working capital items, approximated \$110 million as of March 31, 2020. The Company also retained a contingent economic interest in the success of NAPA with a value ranging from \$0 to \$250 million based upon the multiple of invested capital returned to NAPA’s owners upon exit of the investment. MEDNAX will begin to receive a payment on its economic interest at an exit multiple of 2.0, with such payment reaching \$250 million at an exit multiple of 5.0.

The fourth, and potentially most significant, element of economic value for MEDNAX in the Transaction is the immediate cessation of cash losses related to American Anesthesiology. While it is not possible to predict with any certainty the continuing and future impact of COVID-19 on American Anesthesiology, MEDNAX has evaluated various scenarios and estimates future cash losses related to COVID-19 for American Anesthesiology of at least \$150 million to \$250 million. MEDNAX also anticipates, regardless of any impacts from COVID-19, continued significant pressures on the revenue and margins of American Anesthesiology.

The Company views the completion of the Transaction as a significant advance in its efforts to reduce the current and potential future impacts of the disruption from COVID-19 on its operations and financial condition, and going forward will enable MEDNAX to focus on its Pediatrix & Obstetrix and Radiology Solutions medical groups.

The Purchase Agreement contains customary representations, warranties, covenants, including restrictive covenants, and indemnifications provisions, including with respect to certain ongoing litigation. The Company has agreed to provide certain transition services to American Anesthesiology subsequent to the closing of the Transaction.

The foregoing description of the Purchase Agreement is not complete and is qualified in its entirety by the full text of the Purchase Agreement and the pro forma financial statements for the Transaction, copies of which will be filed as exhibits to a Current Report on Form 8-K to be filed by the Company no later than May 12, 2020.

Forward-Looking Statements

Certain statements and information in this Current Report on Form 8-K may be deemed to contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may include, but are not limited to, statements relating to the Company's objectives, plans and strategies, and all statements, other than statements of historical facts, that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future. These statements are often characterized by terminology such as "believe," "hope," "may," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy" and similar expressions, and are based on assumptions and assessments made by the Company's management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements in this Current Report on Form 8-K are made as of the date hereof, and the Company undertakes no duty to update or revise any such statements, whether as a result of new information, future events or otherwise. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. Important factors that could cause actual results, developments, and business decisions to differ materially from forward-looking statements are described in the Company's most recent Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q, including the sections entitled "Risk Factors", as well the Company's current reports on Form 8-K, filed with the Securities and Exchange Commission, and include the impact of the COVID-19 outbreak on the Company and its financial condition and results of operations; the effects of economic conditions on MEDNAX's business; the effects of the Affordable Care Act and potential changes thereto or a repeal thereof; MEDNAX's relationships with government-sponsored or funded healthcare programs, including Medicare and Medicaid, and with managed care organizations and commercial health insurance payors; the performance of American Anesthesiology and NAPA subsequent to the closing of the Transaction and the impact thereof on the value of the contingent consideration in the Transaction; the timing and contribution of future acquisitions; the effects of share repurchases; and the effects of MEDNAX's transformation and restructuring initiatives.

Item 9.01 Financial Statements and Exhibit.

(d) Exhibits

Exhibit Index

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press Release of MEDNAX, Inc. dated May 6, 2020.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MEDNAX, INC.

Date: May 6, 2020

By: /s/ Stephen D. Farber
Stephen D. Farber
Chief Financial Officer



**North American Partners in Anesthesia (NAPA) Acquires American Anesthesiology
From MEDNAX, Inc., to Create One of the Most Comprehensive Anesthesia, Pain
Management, and Perioperative Care Companies in the U.S.**

Melville, NY and Fort Lauderdale, FL — May 6, 2020 — North American Partners in Anesthesia (NAPA) and MEDNAX, Inc. (NYSE: MD) today jointly announced the completion of NAPA's acquisition of American Anesthesiology, a MEDNAX medical group, creating the destination of choice for anesthesia, pain management, and perioperative care in the United States.

NAPA was founded in 1986 by physicians with a mission to seek excellence in patient care and create value for its clinicians and hospital and ambulatory partners. That vision has helped the company grow from coast to coast. American Anesthesiology, founded in 2007, has grown into a leading and dynamic anesthesia partner, providing comprehensive, customized health solutions in a variety of clinical settings, which is well aligned with NAPA's mission and vision. With this transaction, NAPA will now employ, through its affiliated entities, over 6,000 clinicians and staff who deliver quality anesthesia and pain management services, at more than 500 facilities in 20 states and the District of Columbia, to over three million patients annually.

John F. Di Capua, M.D., Chief Executive Officer of NAPA, said, "In welcoming American Anesthesiology's clinicians and administrative team members to the NAPA family today, we are solidifying our role as the destination of choice for anesthesia, pain management, and perioperative care in the United States. Importantly, American Anesthesiology shares our commitment to putting patients first, and their clinicians will join us as we focus on delivering exceptional patient outcomes under our clinician-led, single-specialty model. We look forward to learning from, and collaborating with, our new colleagues as we leverage our combined expertise and resources to elevate the industry standard among our patients, clinicians, surgeons and hospital and ambulatory partners."

"Anesthesiology clinicians are part of the backbone of the healthcare industry, and at no time has that been more evident than during this pandemic crisis," said Roger J. Medel, M.D., Chief Executive Officer of MEDNAX. "This transaction enables American Anesthesiology to become part of a clinician-led, clinically focused, single-specialty organization dedicated to the provision of high-quality anesthesia, pain management, and perioperative care. At MEDNAX, we will remain focused on the care we provide and the opportunities available for growth in our Pediatrix & Obstetrix and MEDNAX Radiology Solutions medical groups, as well as Surgical Directions."

Dr. Di Capua concluded, "Our proven best practices from our combined organization, regionally-oriented dyad structure, data driven anesthesia services and innovative technology will all now be able to be deployed on a greater scale. This will enable us to create value for our partners across the country and reinvest in the business to ensure that our clinicians stay at the forefront of anesthesiology to deliver the best patient care."

Further details of the transaction, including financial terms, can be found in a Current Report on Form 8-K filed by MEDNAX today with the Securities and Exchange Commission.

In connection with this transaction, and in order to facilitate a seamless transition for American Anesthesiology's clinicians and employees, MEDNAX has agreed to provide certain transition services for up to 18 months.

Advisors

Kirkland & Ellis LLP and Waller Lansden Dortch & Davis, LLP served as legal counsel to NAPA. Barclays is serving as financial advisor and Cleary Gottlieb Steen & Hamilton LLP and DLA Piper LLP (US) are serving as legal counsel to MEDNAX on the transaction.

MEDNAX Earnings Conference Call & Webcast

As previously announced, MEDNAX will release its results from operations for the quarter ended March 31, 2020 the morning of May 7, 2020 before the securities markets open. The Company will host an investor conference call and webcast on Thursday, May 7, 2020 at 10:00 a.m. ET, to discuss both its results from operations and today's announced transaction. The investor conference call will be webcast and can be accessed at MEDNAX's website, www.mednax.com/investors.

About NAPA

As a clinician-led organization, North American Partners in Anesthesia is redefining healthcare, delivering unsurpassed excellence to its partners and patients every day. Since its founding by physicians in 1986, NAPA has grown to become one of the nation's leading single-specialty anesthesia and perioperative management companies, serving more than 3 million patients annually in more than 500 healthcare facilities nationwide. For more information, please visit www.NAPAnesthesia.com.

About MEDNAX

MEDNAX, Inc. is a national health solutions partner comprised of the nation's leading providers of physician services. Physicians and advanced practitioners practicing as part of MEDNAX are reshaping the delivery of care within their specialties and subspecialties, using evidence-based tools, continuous quality initiatives, consulting services, clinical research and telemedicine to enhance patient outcomes and provide high-quality, cost-effective care. The Company was founded in 1979, and today, through its affiliated professional corporations, MEDNAX provides services through a network of more than 3,000 physicians in all 50 states and Puerto Rico. Additional information is available at www.mednax.com.

NAPA Contacts

Media:

Brian Schaffer / Josh Clarkson

Prosek Partners

bschaffer@prosek.com / jclarkson@prosek.com

212-279-3115

MEDNAX Contacts

Investors:

Charles Lynch
Vice President, Strategy and Investor Relations
954-384-0175, x 5692
charles_lynch@mednax.com

Media:

Andy Brimmer / Jim Golden
Joele Frank, Wilkinson Brimmer Katcher
212-355-4449

Forward Looking Statements

Certain statements and information in this press release concerning MEDNAX may be deemed to contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may include, but are not limited to, statements relating to MEDNAX's objectives, plans and strategies, and all statements, other than statements of historical facts, that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future. These statements are often characterized by terminology such as "believe," "hope," "may," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy" and similar expressions, and are based on assumptions and assessments made by MEDNAX's management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements in this press release are made as of the date hereof, and MEDNAX undertakes no duty to update or revise any such statements, whether as a result of new information, future events or otherwise. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. Important factors that could cause actual results, developments, and business decisions to differ materially from forward-looking statements are described in MEDNAX's most recent Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q, including the sections entitled "Risk Factors", as well MEDNAX's current reports on Form 8-K, filed with the Securities and Exchange Commission, and include the impact of the COVID-19 outbreak on MEDNAX and its financial condition and results of operations; the effects of economic conditions on MEDNAX's business; the effects of the Affordable Care Act and potential changes thereto or a repeal thereof; MEDNAX's relationships with government-sponsored or funded healthcare programs, including Medicare and Medicaid, and with managed care organizations and commercial health insurance payors; the performance of American Anesthesiology and NAPA subsequent to the closing of the transaction; the timing and contribution of future acquisitions; the effects of share repurchases; and the effects of MEDNAX's transformation and restructuring initiatives.

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