

Emergency Medical Services CORP
Form 424B7
August 04, 2009

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Filed Pursuant to Rule 424(b)(3) and 424(b)(7)
Registration Statement No. 333-154741

The information in this preliminary prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus Supplement dated August 3, 2009

PROSPECTUS SUPPLEMENT
(To prospectus dated November 14, 2008)

7,000,000 Shares

Emergency Medical Services Corporation

Class A Common Stock

All of the shares of class A common stock in this offering are being sold by the selling stockholders identified in this prospectus supplement, primarily affiliates of Onex Corporation. We will not receive any of the proceeds from this offering.

The class A common stock is listed on the New York Stock Exchange under the symbol "EMS." The last reported sale price of the class A common stock on July 31, 2009 was \$39.14 per share.

Investing in our common stock involves risks. See "Risk Factors" on page S-8 of this prospectus supplement.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$

The underwriters may also purchase up to an additional 1,050,000 shares of class A common stock from the selling stockholders at the public offering price, less the underwriting discounts, within 30 days from the date of this prospectus supplement.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters will deliver the shares on or about August , 2009.

Joint Book-Running Managers

BofA Merrill Lynch

Goldman, Sachs & Co.

Credit Suisse

Co-Managers

Avondale Partners

Jefferies & Company

Oppenheimer & Co.

The date of this prospectus supplement is August , 2009.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and adds, updates and changes information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using a shelf registration process, under which we or our stockholders may offer shares of class A common stock from time to time.

This prospectus supplement and the accompanying prospectus include important information about us, our class A common stock and other information you should know before investing. We urge you to read carefully the entire prospectus and this prospectus supplement, together with the information described under the headings "Incorporation of Certain Information by Reference" and "Where You Can Find More Information" in the accompanying prospectus.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information. The selling stockholders are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference is accurate only as of its respective date or on the date which is specified in those documents. Our business, financial condition, results of operations and prospects may have changed since these dates.

Unless otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriters of their option to purchase up to an additional 1,050,000 shares of class A common stock from the selling stockholders at the initial price to the public less the underwriting discount for a period of 30 days following the date of this prospectus supplement.

INDUSTRY AND MARKET DATA

The industry and market data and other statistical information contained in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference are based on management's own estimates, independent industry publications, government publications, reports by market research firms or other published independent sources, and, in each case, are believed by management to be reasonable estimates. Although we believe these sources are reliable, we have not independently verified the information. None of the independent industry publications used in this prospectus supplement, the accompanying prospectus or the documents we incorporate by reference were prepared on our or our affiliates' behalf and none of the sources cited by us consented to the inclusion of any data from its reports, nor have we sought their consent.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain or incorporate by reference "forward-looking statements." Forward-looking statements give our current expectations or forecasts of future events. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "project," or "continue," or other similar words. These statements reflect management's current views with respect to future events and are subject to risks and uncertainties, both known and unknown. Our actual results may vary materially from those anticipated in forward-looking statements. We caution investors not to place undue reliance on any forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. These risks and uncertainties include, but are not limited to, those described in this prospectus supplement under the caption "Risk Factors." Important factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to:

the impact on our revenue of changes in volume, mix of insured and uninsured patients, and third party and governmental reimbursement rates,

the adequacy of our insurance coverage and insurance reserves,

potential penalties or changes to our operations if we fail to comply with extensive and complex government regulation of our industry,

the impact of potential changes in the healthcare industry generally resulting from legislation currently under consideration,

our ability to recruit and retain qualified physicians and other healthcare professionals, and enforce our non-compete agreements with our physicians,

our ability to generate cash flow to service our debt obligations,

the cost of capital expenditures to maintain and upgrade our vehicle fleet and medical equipment,

the loss of services of one or more members of our senior management team,

the outcome of government investigations of certain of our business practices,

our ability to successfully restructure our operations to comply with future changes in government regulation,

the loss of existing contracts and the accuracy of our assessment of costs under new contracts,

the high level of competition in our industry,

our ability to maintain or implement complex information systems,

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our ability to implement our business strategy,

our ability to successfully integrate strategic acquisitions, and

our ability to comply with the terms of our settlement agreements with the government.

These factors are not exhaustive, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. These forward-looking statements are only made as of the date of this prospectus supplement and, except as required by law, we undertake no obligation to update these forward-looking statements to reflect new information, subsequent events or otherwise.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all the information that may be important to you. You should carefully read the entire prospectus supplement and the accompanying prospectus, as well as the information we incorporate by reference, including the matters described in the section entitled "Risk Factors," before making an investment decision. In this prospectus supplement, except as otherwise indicated or as the context otherwise requires, "Emergency Medical Services Corporation," "EMSC," "we," "our" and "us" refer to Emergency Medical Services Corporation, a Delaware corporation and our subsidiaries.

Company Overview

Emergency Medical Services Corporation is a leading provider of emergency medical services in the United States. We operate our business and market our services under the AMR and EmCare brands, which represent American Medical Response, Inc. and EmCare Holdings Inc., respectively. AMR, with more than 50 years of operating history, is a leading provider of ground and fixed wing ambulance services in the United States based on net revenue and number of transports. EmCare, with more than 35 years of operating history, is a leading provider of outsourced emergency department services to healthcare facilities in the United States, based on number of contracts with hospitals and affiliated physician groups. Through EmCare, we also provide outsourced hospital-based physician services for hospitalist/inpatient, anesthesiology, radiology and teleradiology.

Approximately 90% of our 2008 net revenue was generated under exclusive contracts. During 2008, we provided emergency medical and outsourced physician services to approximately 11.4 million patients in approximately 2,100 communities nationwide and generated net revenue of \$2.4 billion, of which AMR and EmCare represented approximately 58% and 42%, respectively. During the quarter and six months ending on June 30, 2009, we generated revenues of \$637 million and \$1.3 billion, respectively.

Segment Overview

AMR. AMR has developed the largest network of ambulance services in the United States. As of December 31, 2008, AMR had an 8% share of the total ambulance services market and a 21% share of the private provider ambulance market. During 2008, AMR treated and transported approximately 3.4 million patients in 40 states. AMR has approximately 3,500 contracts with communities, government agencies, healthcare providers and insurers to provide ambulance transport services. For 2008, 53% of AMR's net revenue was generated from emergency 911 ambulance services. Non-emergency ambulance services, including critical care transports, wheelchair transports and other interfacility transports, accounted for 27% of AMR's net revenue for the same period. The remaining balance was generated from deployment under our national contract with the Federal Emergency Management Agency, or FEMA, fixed wing medical transportation services, Medicare and Medicaid managed transportation services, and the provision of training, dispatch and other services to communities and public safety agencies.

EmCare. EmCare is the largest provider of outsourced emergency department services to healthcare facilities in the United States, based on number of contracts with hospitals and affiliated physician groups. As of December 31, 2008, EmCare had an 8% share of the total emergency department services market and a 12% share of the outsourced emergency department services market. During the year ended December 31, 2008, EmCare had approximately 8.0 million patient encounters in 41 states. As of December 31, 2008, EmCare had 474 contracts with hospitals and independent physician groups to provide emergency department, hospitalist/inpatient services, radiology and teleradiology staffing, management and other administrative services. We have added 223 net new

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contracts since 2001 and 25 net new contracts in the six months ended June 30, 2009, of which six were for anesthesiology services.

Competitive Strengths

We believe the following competitive strengths position our company to capitalize on the favorable trends occurring within the healthcare industry and the emergency medical services markets.

Leading, Established Provider of Emergency Medical Services. We are a leading provider of emergency medical services in the United States. We believe our track record of consistently meeting or exceeding our customers' service expectations, coupled with our ability to leverage our infrastructure and technology to drive increased productivity and efficiency, have contributed to our ability to retain existing and win new contracts. Additionally, we have successfully leveraged our core competencies to further expand our services to include hospitalist, radiology/ teleradiology, anesthesiology, fixed wing medical transportation and managed transportation services.

Significant Scale and Geographic Presence. We believe our significant scale and geographic presence provides a competitive advantage over local and regional providers in most areas. We believe we have established best operating practices across our platform, leveraged our infrastructure and broadened our program offerings, which has enabled us to win new contracts, enter into national and regional contracts with healthcare facilities, managed care organizations and insurance companies, and enhanced our ability to recruit and retain quality personnel. Additionally, we believe our diverse revenue base and geographic footprint limit our exposure to any single market.

Long-Term Relationships with Existing Customers. We believe our long-term, well-established relationships with communities and healthcare facilities enhance our ability to retain existing customers and win new contracts.

Strong Financial Performance. One of the key factors our potential customers evaluate is financial stability. We believe our ability to demonstrate consistently strong earnings growth and cash flows will continue to differentiate our company, has enabled us to expand our service offerings and provides a competitive advantage in winning new contracts and renewing existing contracts.

Focus on Risk Management. Our risk management initiatives at EmCare are enhanced by the use of professional liability claims data and comprehensive claims management. We analyze this data to demonstrate claim trends on a national, regional, facility, physician and procedure level, helping to manage and mitigate risk exposure. AMR's risk/safety program is aimed at reducing worker injuries through training and improved equipment, and increasing vehicle safety through the use of training and technology.

Investment in Core Technologies. We utilize technology as a means to enhance the quality and reduce the cost of our service offerings, more effectively manage risk and improve our profitability. AMR uses proprietary technology to improve chart documentation, determine transportation service levels and track response times and other data for hospitals. EmCare uses proprietary physician recruitment software to improve recruitment efficiency and retention rates.

Business Strategy

Increase Revenue from Existing Customers. We believe our long track record of delivering excellent service and quality patient care, as well as the expanded breadth of our services, creates opportunities for us to increase revenue from our existing customer base. We have established strategies aimed at assisting facilities, communities and payors to manage their cost of outsourced physician services and emergency, non-emergency and managed transportation services.

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Expand Our Existing Service Lines. We continue to enter complementary service lines, at both AMR and EmCare, which we believe leverage our core competencies. At EmCare, we recently acquired anesthesiology and teleradiology businesses. At AMR, we acquired a fixed wing medical transportation services business and expanded our managed transportation services. The market demand at both our existing customers and new customers for these services provide new growth opportunities.

Grow Our Customer Base. We believe we have a unique competency in the treatment, management and billing of episodic and unscheduled patient care. We believe our long operating history, significant scope and scale and leading market position provide us with new and expanded opportunities to grow our customer base. We have recently been successful in obtaining regional and national contracts for both operating segments with healthcare systems, free standing facilities and insurance providers for single and multiple service lines.

Pursue Select Acquisition Opportunities. The emergency medical services and outsourced physician services industries are highly fragmented, with only a few large national providers. We will continue to pursue select acquisitions in our existing business segments, including acquisitions to enhance our presence in existing markets and our entry into new geographic markets. We will also continue to explore the acquisition of complementary businesses and seek opportunities to expand the scope of services we provide.

Utilize Technology to Differentiate Our Services and Improve Operating Efficiencies. We intend to continue to invest in technologies that broaden our services in the marketplace, improve patient care, enhance our billing efficiencies and increase our productivity and profitability.

Continued Focus on Risk Management. We will continue to conduct risk management programs for loss prevention and early intervention. We will continue to utilize clinical "fail safes" and use technology in our ambulances to reduce vehicular incidents.

Our Corporate Structure

We are a Delaware corporation. Emergency Medical Services L.P., or EMS LP, is one of our consolidated subsidiaries. We own all of the general partner interests in EMS LP and conduct our operations through AMR and EmCare, our operating subsidiaries. Prior to this offering, EMS LP had 32,107,500 LP exchangeable units outstanding, exchangeable on a one-for-one basis into our class B common stock, which is convertible on a one-for-one basis into our class A common stock.

Our Ownership

Following the completion of this offering, affiliates of Onex Corporation will own approximately 59% of our equity interests and approximately 93% of our combined voting power.

Corporate Information

Our principal executive offices are located at 6200 South Syracuse Way, Suite 200, Greenwood Village, Colorado 80111 and our telephone number at that address is (303) 495-1200. Our principal website is located at <http://www.emsc.net>. The information on our website is not part of this prospectus supplement or the accompanying prospectus.

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OFFERING SUMMARY

Class A common stock offered by the selling stockholders	7,000,000 shares, or 8,050,000 shares if the underwriters' option to purchase additional shares is exercised in full.
Class A common stock to be outstanding after this offering	17,467,280 shares ⁽¹⁾
New York Stock Exchange symbol	The class A common stock is listed on the New York Stock Exchange under the symbol "EMS."
Use of proceeds	EMSC will not receive any of the proceeds from this offering.
Dividends	We have not paid any cash dividends on our class A common stock and do not expect to declare or pay any cash dividends for the foreseeable future. Currently, our senior secured facility restricts the payment of dividends. See "Risk Factors We do not intend to pay cash dividends" and "Price Range of Class A Common Stock and Dividend Policy" in this prospectus supplement.
Risk Factors	Investing in our class A common stock involves a high degree of risk. Potential investors are urged to read and consider the risk factors relating to our business and an investment in our class A common stock set forth under "Risk Factors" beginning on page S-8 of this prospectus supplement, as well as other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

(1) The number of shares of class A common stock being offered in this offering represents 16.4% of our common stock outstanding and 2.6% of our combined voting power. The number of shares of our class A common stock to be outstanding after this offering excludes:

142,545 shares of class B common stock,

one share of class B special voting stock,

25,107,500 LP exchangeable units of EMS LP., and

2,728,669 shares of class A common stock issuable upon exercise of stock options or in connection with grants of restricted stock units or restricted stock.

At any time at the option of the holder:

each LP exchangeable unit is exchangeable into one share of class B common stock, and

each share of class B common stock is convertible into one share of class A common stock.

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Our securities are entitled to vote on all matters subject to a vote of holders of common stock, voting together as a single class, as follows:

class A common stock is entitled to one vote per share,

class B common stock is entitled to ten votes per share (reducing to one vote per share under certain limited circumstances), and

one share of class B special voting stock, held for the benefit of the holders of LP exchangeable units, is entitled to a number of votes equal to the number of votes that could be cast if all the then outstanding LP exchangeable units were exchanged for class B common stock.

The holders of the LP exchangeable units may therefore exercise voting rights with respect to EMSC as though they held the same number of shares of our class B common stock.

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The following table sets forth summary historical consolidated financial data which should be read in conjunction with our consolidated financial statements and related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" (including "Liquidity and Capital Resources" therein), each of which we incorporate by reference into this prospectus supplement.

The summary consolidated financial data for the years ended December 31, 2008, 2007 and 2006 are derived from our audited consolidated historical financial statements and related notes thereto we incorporate by reference into this prospectus supplement. The summary consolidated financial data for the quarter and six month periods ended June 30, 2009 and 2008 are derived from our unaudited historical financial statements and related notes thereto we incorporate by reference into this prospectus supplement. Our Quarterly Report on Form 10-Q for the period ended June 30, 2009, when filed with the SEC, will also be incorporated by reference into this prospectus supplement. The information presented below is not necessarily indicative of the results of our future operations.

	Quarter ended June 30,		Six months ended June 30,		Year ended December 31,		
	2009	2008	2009	2008	2008	2007	2006
(in thousands)							
Statement of Operations Data:							
Net revenue	\$ 637,291	\$ 571,079	\$ 1,250,313	\$ 1,136,865	\$ 2,409,864	\$ 2,106,993	\$ 1,934,205
Compensation and benefits	438,628	400,501	865,162	794,862	1,637,425	1,455,970	1,333,648
Operating expenses	82,173	83,704	166,845	166,927	383,359	317,518	294,806
Insurance expense	28,357	17,568	50,861	38,531	82,221	66,308	74,258
Selling, general and administrative expenses	16,279	15,520	31,315	30,112	69,658	61,893	57,403
Depreciation and amortization expense	16,157	17,446	32,925	35,163	68,980	70,483	66,005
Restructuring charges						2,242	6,369
Income from operations	55,697	36,340	103,205	71,280	168,221	132,579	101,716
Interest income on restricted assets	1,120	1,735	2,386	3,490	6,407	7,143	5,987
Interest expense	(10,279)	(10,354)	(20,469)	(20,270)	(42,087)	(46,948)	(45,605)
Realized gain (loss) on investments	847	1,571	1,486	2,243	2,722	245	(467)
Interest and other income	423	287	940	589	2,055	2,055	2,346
Loss on early debt extinguishment					(241)		(377)
Income before income taxes and equity in earnings of unconsolidated subsidiary	47,808	29,579	87,548	57,332	137,077	95,074	63,600
Income tax expense	(18,885)	(11,348)	(34,611)	(22,032)	(52,530)	(36,104)	(24,961)
Income before equity in earnings of unconsolidated subsidiary	28,923	18,231	52,937	35,300	84,547	58,970	38,639
Equity in earnings of unconsolidated subsidiary	96	104	153	54	300	848	432
Net income	\$ 29,019	\$ 18,335	\$ 53,090	\$ 35,354	\$ 84,847	\$ 59,818	\$ 39,071

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	Quarter ended June 30,		Six months ended June 30,		Year ended December 31,		
	2009	2008	2009	2008	2008	2007	2006
(in thousands except share, per share and financial covenant ratios)							
Basic earnings per common share	\$ 0.69	\$ 0.44	\$ 1.26	\$ 0.85	\$ 2.04	\$ 1.44	\$ 0.94
Diluted earnings per common share	\$ 0.67	\$ 0.43	\$ 1.23	\$ 0.82	\$ 1.97	\$ 1.39	\$ 0.92
Weighted average common shares outstanding, basic	42,354,667	41,573,893	42,140,632	41,572,162	41,652,783	41,551,207	41,502,632
Weighted average common shares outstanding, diluted	43,334,340	43,022,034	43,215,657	43,052,668	43,130,782	43,146,881	42,528,885
Other Financial Data:							
Cash flow provided by (used in):							
Operating activities	\$ 98,997	\$ 58,157	\$ 140,939	\$ 55,379	\$ 211,457	\$ 97,818	\$ 165,742
Investing activities	\$ (28,188)	\$ 531	\$ (22,734)	\$ (12,433)	\$ (74,945)	\$ (100,226)	\$ (113,127)
Financing activities	\$ 2,182	\$ (1,824)	\$ 2,761	\$ 1,159	\$ (19,253)	\$ (8,014)	\$ (31,327)
Net capital expenditures ⁽¹⁾	\$ 12,839	\$ 7,496	\$ 20,025	\$ 9,960			