FORM 10-Q

Envision Healthcare Holdings, Inc. - EVHC

Filed: May 06, 2016 (period: March 31, 2016)

Quarterly report with a continuing view of a company's financial position

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended March 31, 2016

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: 001-36048

ENVISION HEALTHCARE HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**45-0832318**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
6200 S. Syracuse Way, Suite 200 Greenwood Village, CO	**80111**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **303-495-1200**

Former name, former address and former fiscal year, if changed since last report:
Not applicable

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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

At April 29, 2016, the registrant had 187,126,554 shares of common stock, par value $0.01 per share, outstanding.

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EXPLANATORY NOTE

Unless the context indicates otherwise, any reference in this report to "EVHC," "the "Company," "we," "our," or "us" refers to Envision Healthcare Holdings, Inc. and its direct and indirect subsidiaries and any reference to "Corporation" refers to Envision Healthcare Corporation, an indirect wholly-owned subsidiary of the Company.

ENVISION HEALTHCARE HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	March 31, 2016 (Unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 191,657	$ 141,677
Insurance collateral	57,682	68,849
Trade and other accounts receivable, net	1,296,320	1,257,021
Parts and supplies inventory	33,675	34,023
Prepaids and other current assets	123,178	96,857
Total current assets	1,702,512	1,598,427
Non-current assets:		
Property, plant and equipment, net	351,469	335,869
Intangible assets, net	1,020,105	1,051,631
Goodwill	3,299,231	3,271,933
Other long-term assets	95,421	95,712
Total assets	$ 6,468,738	$ 6,353,572
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 63,442	$ 68,985
Accrued liabilities	696,098	612,445
Current portion of long-term debt and capital lease obligations	24,453	24,550
Total current liabilities	783,993	705,980
Long-term debt and capital lease obligations	2,954,829	2,958,481
Long-term deferred tax liabilities	391,248	369,110
Insurance reserves	249,169	252,650
Other long-term liabilities	54,953	65,910
Total liabilities	4,434,192	4,352,131
Commitments and contingencies		
Equity:		
Common stock ($0.01 par value; 2,000,000,000 shares authorized, 187,121,179 and 186,924,004 issued and outstanding as of March 31, 2016 and December 31, 2015, respectively)	1,871	1,869
Preferred stock ($0.01 par value; 200,000,000 shares authorized, none issued and outstanding as of March 31, 2016 and December 31, 2015)	—	—
Additional paid-in capital	1,681,680	1,677,578
Retained earnings	315,591	288,741
Accumulated other comprehensive income (loss)	(3,114)	(1,649)
Total Envision Healthcare Holdings, Inc. equity	1,996,028	1,966,539
Noncontrolling interest	38,518	34,902
Total equity	2,034,546	2,001,441
Total liabilities and equity	$ 6,468,738	$ 6,353,572

The accompanying notes are an integral part of these financial statements.

ENVISION HEALTHCARE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands, except share and per share amounts, unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Revenue, net of contractual discounts	$ 2,863,914	$ 2,252,718
Provision for uncompensated care	(1,266,368)	(1,008,216)
Net revenue	1,597,546	1,244,502
Compensation and benefits	1,123,873	907,657
Operating expenses	253,215	151,726
Insurance expense	37,420	35,526
Selling, general and administrative expenses	37,990	26,449
Depreciation and amortization expense	57,433	39,881
Restructuring and other charges	106	—
Income from operations	87,509	83,263
Interest income from restricted assets	363	130
Interest expense, net	(38,883)	(26,687)
Realized gains (losses) on investments	15	—
Other income (expense), net	722	(332)
Income (loss) before income taxes and equity in earnings of unconsolidated subsidiary	49,726	56,374
Income tax benefit (expense)	(19,392)	(22,516)
Income (loss) before equity in earnings of unconsolidated subsidiary	30,334	33,858
Equity in earnings of unconsolidated subsidiary	132	72
Net income (loss)	30,466	33,930
Less: Net (income) loss attributable to noncontrolling interest	(3,616)	(555)
Net income (loss) attributable to Envision Healthcare Holdings, Inc.	$ 26,850	$ 33,375
Net income (loss) per share attributable to Envision Healthcare Holdings, Inc.:		
Basic	$ 0.14	$ 0.18
Diluted	$ 0.14	$ 0.17
Weighted-average common shares outstanding:		
Basic	187,047,309	184,586,249
Diluted	191,930,811	191,241,676
Comprehensive income (loss):		
Net income (loss)	$ 30,466	$ 33,930
Other comprehensive income (loss), net of tax:		
Unrealized holding gains (losses) during the period	(32)	(120)
Unrealized gains (losses) on derivative financial instruments	(1,433)	257
Total other comprehensive income (loss), net of tax	(1,465)	137
Comprehensive income (loss)	29,001	34,067
Less: Comprehensive (income) loss attributable to noncontrolling interest	(3,616)	(555)
Comprehensive income (loss) attributable to Envision Healthcare Holdings, Inc.	$ 25,385	$ 33,512

The accompanying notes are an integral part of these financial statements.

ENVISION HEALTHCARE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Cash Flows from Operating Activities		
Net income (loss)	$ 30,466	$ 33,930
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	60,577	42,004
(Gain) loss on disposal of property, plant and equipment	72	27
Equity-based compensation expense	2,285	1,353
Excess tax benefits from equity-based compensation	(1,130)	(10,945)
Equity in earnings of unconsolidated subsidiary	(132)	(72)
Dividends received	386	370
Deferred income taxes	8,575	520
Changes in operating assets/liabilities, net of acquisitions:		
Trade and other accounts receivable, net	(37,953)	(56,224)
Parts and supplies inventory	348	(122)
Prepaids and other current assets	(23,603)	6,837
Accounts payable and accrued liabilities	50,958	21,688
Insurance reserves	(1,698)	4,745
Other assets and liabilities, net	467	1,204
Net cash provided by (used in) operating activities	89,618	45,315
Cash Flows from Investing Activities		
Purchases of available-for-sale securities	(8)	(472)
Sales and maturities of available-for-sale securities	1,448	200
Purchases of property, plant and equipment	(39,121)	(13,507)
Proceeds from sale of property, plant and equipment	28	44
Acquisition of businesses, net of cash received	(6,686)	(498,283)
Net change in insurance collateral	10,075	(4,508)
Other investing activities	(301)	(912)
Net cash provided by (used in) investing activities	(34,565)	(517,438)
Cash Flows from Financing Activities		
Borrowings under the ABL Facility	70,000	285,000
Repayments of the ABL Facility	(70,000)	(50,000)
Repayments of the Term Loan	(5,843)	(3,343)
Debt issuance costs	(703)	(27)
Proceeds from stock options exercised and issuance of shares under employee stock purchase plan and provider stock purchase plan	689	3,548
Excess tax benefits from equity-based compensation	1,130	10,945
Contributions from (distributions to) noncontrolling interest, net	—	100
Other financing activities	(346)	(120)
Net cash provided by (used in) financing activities	(5,073)	246,103
Change in cash and cash equivalents	49,980	(226,020)
Cash and cash equivalents, beginning of period	141,677	318,895
Cash and cash equivalents, end of period	$ 191,657	$ 92,875

The accompanying notes are an integral part of these financial statements.

1. General

Basis of Presentation of Financial Statements

Envision Healthcare Holdings, Inc. is organized as a holding company that operates through various subsidiaries. Envision Healthcare Corporation is a wholly-owned subsidiary of the Company.

The accompanying interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") to reflect the consolidated financial position, results of operations and cash flows of the Company for interim reporting, and accordingly, do not include all of the disclosures required for annual financial statements.

In the opinion of management, the consolidated financial statements of the Company include all normal recurring adjustments necessary for a fair presentation of the periods presented. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year ending December 31, 2016. For further information on the Company's significant accounting policies and other information, see the Company's consolidated financial statements, including the accounting policies and notes thereto for the year ended December 31, 2015, which includes all disclosures required by GAAP, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

The Company's business is conducted primarily through two operating subsidiaries, EmCare Holdings, Inc. ("EmCare"), its facility-based and post-acute care physician services segment, and American Medical Response, Inc., including its affiliates ("AMR"), its healthcare transportation services segment.

2. Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements of the Company include all of its wholly-owned subsidiaries, including Corporation, EmCare and AMR and their respective subsidiaries and affiliated physician groups. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions relating to the reporting of results of operations, financial condition and related disclosure of contingent assets and liabilities at the date of the financial statements including, but not limited to, estimates and assumptions for accounts receivable, insurance related reserves and acquired intangible assets. Actual results may differ from those estimates under different assumptions or conditions.

Insurance Collateral

Insurance collateral is comprised of investments in marketable equity and debt securities held by the Company's captive insurance subsidiary that supports the Company's insurance program and reserves, as well as cash deposits with third parties. Certain of these investments, if sold or otherwise liquidated, would have to be replaced by other suitable financial assurances and are, therefore, considered restricted. These investments are designated as available-for-sale and reported at fair value with the related temporary unrealized gains and losses reported as a separate component of accumulated other comprehensive income (loss), net of deferred income tax. Declines in the fair value of a marketable investment security which are determined to be other-than-temporary are recognized in the statements of operations, thus establishing a new cost basis for such investment. Investment income earned on these investments is reported as interest income from restricted assets in the statements of operations.

Realized gains and losses are determined based on an average cost basis.

Insurance collateral also includes a receivable from insurers of $1.1 million and $0.6 million as of March 31, 2016 and December 31, 2015, respectively, for liabilities in excess of the Company's self-insured retention.

Trade and Other Accounts Receivable, net

The Company estimates its allowances based on payor reimbursement schedules, historical collections and write-off experience and other economic data. The Company's billing systems do not provide contractual allowances or uncompensated care reserves on outstanding patient accounts. The allowance for uncompensated care is related principally to receivables recorded for self-pay patients and is not recorded on specific accounts due to the volume and variability of individual patient receivable collections. While the billing systems do not specifically record the allowance for doubtful accounts to individual accounts owed or specific payor classifications, the portion of the allowance for uncompensated care associated with fee-for-service charges as of December 31, 2015, was equal to approximately 94% and 86% of outstanding self-pay receivables for EmCare and AMR, respectively, consistent with the Company's collection history. Account balances are charged off against the uncompensated care allowance when it is probable the receivable will not be recovered and to the contractual allowance when payment is received. The Company's accounts receivable and allowances as of March 31, 2016, and December 31, 2015, were as follows (in thousands):

	March 31, 2016	December 31, 2015
Gross trade accounts receivable	$ 6,420,259	$ 6,375,473
Allowance for contractual discounts	(3,249,291)	(3,340,078)
Allowance for uncompensated care	(1,874,934)	(1,779,200)
Trade accounts receivable, net	1,296,034	1,256,195
Other receivables, net	286	826
Trade and other accounts receivable, net	$ 1,296,320	$ 1,257,021

Other receivables primarily represent employee advances and other miscellaneous receivables.

Accounts receivable allowances at EmCare are estimated based on cash collection and write-off experience at a facility level contract and facility specific payor mix. These allowances are reviewed and adjusted monthly through revenue provisions. The Company compares actual cash collected on a date of service basis to the revenue recorded for that period and records any adjustment necessary for an overage or deficit in these allowances based on actual collections and future estimated collections.

AMR contractual allowances are determined primarily on payor reimbursement schedules that are included and regularly updated in the billing systems, and by historical collection experience. The billing systems calculate the difference between payor specific gross billings and contractually agreed to, or governmentally driven, reimbursement rates. The allowance for uncompensated care at AMR is related principally to receivables recorded for self-pay patients. AMR's allowances on self-pay accounts receivable are estimated based on historical write-off experience and future estimated collections.

Debt Issuance Costs

Debt issuance costs related to the Company's senior secured credit facilities and senior unsecured notes are included as a deduction from the carrying amount of long-term debt in the consolidated balance sheets, and are amortized to interest expense using the effective interest method over the term of the related debt.

Business Combinations

Assets and liabilities of an acquired business are recorded at their fair values at the date of acquisition. The excess of the acquisition consideration over the estimated fair values is recorded as goodwill. All acquisition costs are expensed as incurred. While the Company uses its best estimates and assumptions as a part of the acquisition consideration allocation process to accurately value assets acquired and liabilities assumed at the acquisition date, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period any subsequent adjustments are recorded as income or expense.

Insurance Reserves

Insurance reserves are established for automobile, workers compensation, general liability and professional liability claims utilizing policies with both fully-insured and self-insured components. This includes the use of an off-shore captive insurance program through a wholly-owned subsidiary for certain liability programs for both EmCare and AMR. In those instances where the Company has obtained third-party insurance coverage, the Company normally retains liability for the first $1 to $3 million of the loss. Insurance reserves cover known claims and incidents within the level of Company retention that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from activities through the balance sheet date.

The Company establishes reserves for claims based upon an assessment of actual claims and claims incurred but not reported. The reserves are established based on quarterly consultation with third-party independent actuaries using actuarial principles and assumptions that consider a number of factors, including historical claim payment patterns and legal costs, changes in case reserves and the assumed rate of inflation in healthcare costs and property damage repairs. Claims are discounted at a rate of 1.5% which is commensurate with the risk free rate.

The Company's most recent actuarial valuation was completed in March 2016. As a result of this and previous actuarial valuations, the Company recorded increases in its provision for insurance liabilities of $0.9 million and $2.6 million for the three months ended March 31, 2016 and 2015, respectively, related to reserves for losses in prior years.

Financial Instruments and Concentration of Credit Risk

The Company's cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, insurance collateral, long-term debt and other long-term liabilities constitute financial instruments. Based on management's estimates, the carrying value of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and the senior secured credit facility approximates fair value as of March 31, 2016, and December 31, 2015. Concentration of credit risks in accounts receivable is limited, due to the large number of customers comprising the Company's customer base throughout the United States. A significant component of the Company's revenue is derived from Medicare and Medicaid. Given that these are government programs, the credit risk for these customers is considered low. The Company performs ongoing credit evaluations of its other customers, but does not require collateral to support customer accounts receivable. The Company establishes an allowance for uncompensated care based on the credit risk applicable to particular customers, historical trends and other relevant information. For the three months ended March 31, 2016, and 2015, the Company derived approximately 34% of its revenue from Medicare and Medicaid, 63% and 64%, respectively, from insurance providers and contracted payors, and 3% and 2%, respectively, directly from patients.

The Company estimates the fair value of its fixed rate senior notes based on an analysis in which the Company evaluates market conditions, related securities, various public and private offerings, and other publicly available information (Level 2, as defined below). The estimated fair value of the senior notes as of March 31, 2016, and December 31, 2015, was approximately $757.5 million and $735.0 million, respectively, with a carrying amount of $750.0 million.

Fair Value Measurement

The Company classifies its financial instruments that are reported at fair value based on a hierarchal framework which ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is impacted by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1—Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The Company does not adjust the quoted price for these assets or liabilities, which include investments held in connection with the Company's captive insurance program.

Level 2—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Balances in this category include derivatives and corporate bonds.

Level 3—Pricing inputs are unobservable as of the reporting date and reflect the Company's own assumptions about the fair value of the asset or liability. Balances in this category include the Company's estimate, using a combination of internal and external fair value analyses, of contingent consideration for acquisitions described in Note 4.

The following table summarizes the valuation of the Company's financial instruments by the above fair value hierarchy levels as of March 31, 2016, and December 31, 2015 (in thousands):

	March 31, 2016			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Available-for-sale securities (insurance collateral)	$ 17,990	$ 3,801	$ —	$ 21,791
Liabilities:				
Contingent consideration	—	—	2,116	2,116
Fuel hedge	—	2,279	—	2,279

	December 31, 2015			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Available-for-sale securities (insurance collateral)	$ 19,116	$ 4,076	$ —	$ 23,192
Liabilities:				
Contingent consideration	—	—	2,116	2,116
Fuel hedge	—	2,777	—	2,777

There has been no change in the contingent consideration balance classified as a Level 3 liability during the three months ended March 31, 2016.

During the three months ended March 31, 2016, and 2015, the Company had no transfers between Level 1 and Level 2 fair value measurements.

Revenue Recognition

Fee-for-service revenue is recognized at the time of service and is recorded net of provisions for contractual discounts and estimated uncompensated care. Fee-for-service revenue represents billings for services provided to patients, for which the Company receives payment from the patient or their third-party payor. Provisions for contractual discounts are related to differences between gross charges and specific payor, including governmental, reimbursement schedules. The Company records fee-for-service revenue, net of the contractual discounts based on the information entered into the Company's billing systems from received medical charts. An estimate for unprocessed medical charts for a given service period is made and adjusted in future periods based on actual medical charts processed. Information entered into the billing systems is subject to change, e.g. change in payor status, and may impact recorded fee-for-service revenue, net of the contractual discounts. Such changes are recognized in the period the change is known.

Revenue from home health services, net of revenue adjustments and provisions for contractual discounts, is earned and billed either on an episode of care basis ("episodic-based revenue"), on a per visit basis, or on a daily basis depending upon the payment terms and conditions established with each payor for services provided. Revenue recognized on a non-episodic basis is recorded in a similar manner to the Company's fee-for-service revenue. Home health service revenue under the Medicare prospective payment system is based on a 60-day episode payment rate that is subject to adjustment based on certain variables. Adjustments are estimated based on historical experience and are recorded in the period in which services are rendered.

Revenue from contract staffing assignments, net of sales adjustments and discounts, are recognized when earned, based on the hours worked by the Company's contract professionals. Conversion and direct hire fees are recognized when the employment candidate accepts permanent employment and all obligations are satisfied. The Company includes reimbursed expenses in revenue, net of contractual discounts and the associated amount of reimbursement expense in compensation and benefits.

Revenue generated under fire protection service contracts is recognized over the life of the contract. Subscription fees, which are generally received in advance, are deferred and recognized on a straight-line basis over the term of the subscription agreement, which is generally one year.

Subsidy and fee revenue primarily represent hospital subsidies and fees at EmCare and fees for stand-by, special event and community subsidies at AMR. Provisions for estimated uncompensated care, or bad debts, are related principally to the number of self-pay patients treated in the period.

Net revenue for the three months ended March 31, 2016, and 2015 consisted of the following (in thousands):

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Revenue, net of contractual discounts, excluding subsidies and fees:		
Medicare	$ 460,327	$ 362,069
Medicaid	180,768	130,976
Commercial insurance and managed care (excluding Medicare and Medicaid managed care)	802,715	651,816
Self-pay	1,077,329	856,115
Sub-total	2,521,139	2,000,976
Subsidies and fees	342,775	251,742
Revenue, net of contractual discounts	2,863,914	2,252,718
Provision for uncompensated care	(1,266,368)	(1,008,216)
Net revenue	$ 1,597,546	$ 1,244,502

Healthcare reimbursement is complex and may involve lengthy delays. Third-party payors are continuing efforts to control expenditures for healthcare, including proposals to revise reimbursement policies. The Company has from time to time experienced delays in reimbursement from third-party payors. In addition, third-party payors may disallow, in whole or in part, claims for payment based on determinations that certain amounts are not reimbursable under plan coverage, determinations of medical necessity, or the need for additional information. Laws and regulations governing the Medicare and Medicaid programs are very complex and subject to interpretation. Revenue is recognized on an estimated basis in the period in which related services are rendered. As a result, there is a reasonable possibility that recorded estimates will change materially in the short-term. Such amounts, including adjustments between provisions for contractual discounts and uncompensated care, are adjusted in future periods, as adjustments become known. These adjustments in the aggregate increased the contractual discount and uncompensated care provisions (and correspondingly decreased net revenue) by approximately $2.9 million and $3.6 million for the three months ended March 31, 2016, and 2015, respectively.

The Company provides services to patients who have no insurance or other third-party payor coverage. In certain circumstances, federal law requires providers to render services to any patient who requires care regardless of their ability to pay. Services to these patients are not considered to be charity care and provisions for uncompensated care for these services are estimated accordingly.

Reclassifications

Certain prior period balances in the consolidated balance sheets have been reclassified to conform to the current year presentation. Such reclassifications had no impact on the results of operations or cash flows previously reported.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09") to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and International Financial Reporting Standards. The guidance will be effective for public companies for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption for annual reporting periods beginning after December 15, 2016, permitted. The Company is currently evaluating the impact and has not yet determined the effects, if any, that adoption of ASU 2014-09 may have on its consolidated financial position or results of operations or the method of adoption.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"), which requires management to evaluate, in connection with preparing financial statements for each annual and interim reporting period, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable) and provide related disclosures. ASU 2014-15 is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. The adoption of ASU 2014-15 is not expected to impact the Company's consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, Amendments to the Consolidation Analysis ("ASU 2015-02"), which amends existing accounting standards for consolidation under the variable interest entity and voting interest entity models. The new guidance changes the analysis for determining whether a fee paid to a decision maker or service provider is a variable interest. ASU 2015-02 is effective for interim and annual periods beginning after December 15, 2015. Entities may choose to adopt the standard using either a full retrospective approach or a modified retrospective approach. The Company adopted ASU 2015-02 under the modified retrospective approach during the current period and determined that its adoption does not impact our consolidated financial position or results of operations.

In April 2015, the FASB issued ASU No. 2015-03, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"), which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. ASU 2015-03 is effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. The Company adopted ASU 2015-03 retrospectively during the current period and, as a result, $34.6 million of debt issuance costs related to the Company's senior secured credit facilities and senior unsecured notes were reclassified from other long-term assets to long-term debt and capital lease obligations on the Company's consolidated balance sheets as of December 31, 2015.

In November 2015, the FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"), which simplifies the presentation of deferred income taxes and requires that deferred tax liabilities and assets be classified as non-current in the consolidated balance sheets. ASU 2015-17 is effective for annual reporting periods beginning after December 15, 2016, with early adoption permitted. The Company adopted ASU 2015-17 retrospectively during the current period and, as a result, $85.8 million of current deferred tax liabilities were reclassified to long-term deferred tax liabilities on the Company's consolidated balance sheets as of December 31, 2015.

In February 2016, the FASB issued ASU No. 2016-02, Leases ("ASU 2016-02"), which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on the consolidated balance sheets and making targeted changes to lessor accounting. ASU 2016-02 will be effective for annual periods beginning after December 15, 2018, with early adoption permitted. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is currently evaluating the impact and has not yet determined the effects, if any, that adoption of ASU 2016-02 may have on its consolidated financial position or results of operations.

In March 2016, the FASB issued ASU No. 2016-09, Compensation—Stock Compensation (Topic 718) ("ASU 2016-09"), which was issued as part of the FASB's simplification initiative and affects all entities that issue share-based payment awards to their employees. This ASU covers accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. ASU 2016-09 will be effective for annual periods beginning after December 15, 2016, with early adoption permitted. The Company is currently evaluating the impact and has not yet determined the effects, if any, that adoption of ASU 2016-09 may have on its consolidated financial position or results of operations.

3. Basic and Diluted Net Income (Loss) Per Share

Basic net income per common share attributable to the Company's common stockholders is determined using the two-class method and is computed by dividing net income attributable to the Company's common stockholders by the weighted-average of common shares outstanding during the period. The two-class method is an earnings allocation formula that determines income per share for each class of common stock and participating security according to participation rights in undistributed earnings. Diluted net income per common share attributable to the Company's common shareholders reflects the more dilutive earnings per share amount calculated using the treasury stock method or the two-class method. The following table presents earnings per share amounts for all periods and the basic and diluted weighted-average shares outstanding used in the calculation (in thousands, except share and per share amounts).

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Net income (loss) attributable to Envision Healthcare Holdings, Inc. stockholders	$ 26,850	$ 33,375
Net income (loss) allocated to participating securities (a)	69	—
Net income (loss) attributable to Envision Healthcare Holdings, Inc. common stockholders	26,781	33,375
Weighted-average common shares outstanding — common stock:		
Basic	187,047,309	184,586,249
Dilutive impact of stock awards outstanding	4,883,502	6,655,427
Diluted	191,930,811	191,241,676
Net income (loss) per share attributable to Envision Healthcare Holdings, Inc. common stockholders:		
Basic	$ 0.14	$ 0.18
Diluted	$ 0.14	$ 0.17

(a) Restricted stock units and market-based performance share units granted to employees and non-employee directors are considered participating securities.

For the three months ended March 31, 2016, and 2015, there were stock awards to acquire 1,153,129 shares and 36,957 shares of common stock outstanding, respectively, not included in the weighted-average common shares outstanding above, as their effect is anti-dilutive.

4. Acquisitions

2015 Acquisitions

Scottsdale Emergency Associates, LTD ("SEA"). On January 30, 2015, the Company acquired the stock of SEA for total purchase consideration of $104.8 million paid in cash. SEA is an emergency physician group serving the greater Phoenix market, with 40 physicians and more than a dozen mid-level providers. The Company acquired SEA to achieve certain operational and strategic benefits.

The goodwill recognized in connection with the SEA acquisition is assigned to the EmCare segment and is primarily attributable to synergies that are expected to be achieved through the integration of SEA into the existing operations of EmCare. Of the goodwill recorded, none is tax deductible. Prior to the acquisition, SEA had a pension plan and is currently in the process of terminating and liquidating the plan. As the assets and liabilities of the pension plan of $10.1 million are offsetting, they are presented net in the consolidated balance sheets.

The final allocation of the purchase price is in the table below (in thousands):

Cash and cash equivalents	$ 545
Accounts receivable	7,516
Prepaid and other current assets	210
Acquired intangible assets	86,200
Goodwill	46,961
Accounts payable	(1,153)
Accrued liabilities	(182)
Long-term deferred tax liabilities	(35,263)
Total purchase price	$ 104,834

During the three months ended March 31, 2016, the Company made purchase price allocation adjustments including a decrease of deferred tax liabilities of $0.4 million.

VISTA Staffing Solutions ("VISTA"). On February 1, 2015, the Company acquired the stock of VISTA, a leading provider of locum tenens staffing and permanent placement services for physicians, nurse practitioners and physician assistants for total purchase consideration of $123.8 million, subject to a working capital adjustment of $0.5 million, paid in cash. VISTA operates throughout the United States. The Company acquired VISTA to expand into locum tenens staffing.

The goodwill recognized in connection with the VISTA acquisition is assigned to the EmCare segment and is primarily attributable to synergies that are expected to be achieved through the integration of VISTA into the existing operations of EmCare. Of the goodwill recorded, $15.4 million is tax deductible.

The final allocation of the purchase price is in the table below (in thousands):

Cash and cash equivalents	$ 1,062
Accounts receivable	22,219
Prepaid and other current assets	1,245
Property, plant and equipment	2,739
Acquired intangible assets	53,270
Goodwill	73,458
Other long-term assets	5,920
Accounts payable	(1,940)
Accrued liabilities	(5,493)
Long-term deferred tax liabilities	(13,138)
Insurance reserves	(13,639)
Other long-term liabilities	(1,365)
Total purchase price	$ 124,338

During the three months ended March 31, 2016, the Company made purchase price allocation adjustments including a reclassification from goodwill to accounts receivable of $0.3 million and a decrease to long-term deferred tax liabilities of $0.4 million.

Emergency Medical Associates. On February 27, 2015, the Company acquired the stock of Emergency Medical Associates of New Jersey, P.A. and assets of Alpha Physician Resources, LLC (collectively "EMA") for total purchase consideration of $282.3 million, subject to working capital adjustments, paid in cash. During the three months ended

March 31, 2016, the Company executed a purchase agreement amendment that increased the total consideration by $10.5 million (the “EMA Amendment”). The Company acquired EMA to achieve certain operational and strategic benefits. EMA provides emergency department, hospitalist and urgent care services at 47 facilities in New Jersey, New York, Rhode Island, and North Carolina.

The goodwill recognized in connection with the EMA acquisition is assigned to the EmCare segment and is primarily attributable to synergies that are expected to be achieved through the integration of EMA into the existing operations of EmCare. Of the goodwill recorded, $117.8 million is tax deductible.

The final allocation of the purchase price is in the table below (in thousands):

Cash and cash equivalents	$ 7,388
Accounts receivable	53,099
Prepaid and other current assets	5,922
Property, plant and equipment	2,276
Acquired intangible assets	147,300
Goodwill	128,590
Other long-term assets	22,327
Accounts payable	(12,863)
Accrued liabilities	(35,631)
Long-term deferred tax liabilities	(6,442)
Insurance reserves	(29,700)
Total purchase price	$ 282,266

During the three months ended March 31, 2016, goodwill recognized in connection with the EMA acquisition increased by $10.5 million due to the EMA Amendment. Additionally, the Company made purchase price allocation adjustments including an increase to other current assets of $1.1 million, an increase to accrued liabilities of $0.9 million to record an adjustment to accrued benefits, and other adjustments to opening balances for assets and liabilities.

Rural/ Metro Corporation. On October 28, 2015, the Company completed the acquisition of Rural/ Metro Corporation (“Rural/ Metro”) for total purchase consideration of approximately $620.0 million, subject to working capital adjustments of $54.1 million paid in cash, of which $6.1 million was paid during the three months ended March 31, 2016. Rural/ Metro provides ambulance and fire protection services in 19 states and approximately 700 communities throughout the United States. The Company acquired Rural/ Metro to achieve certain operational and strategic benefits.

The goodwill recognized in connection with the Rural/ Metro acquisition is assigned to the AMR segment and is primarily attributable to synergies that are expected to be achieved through the integration of Rural/ Metro into the existing operations of AMR. Of the goodwill recorded, $4.2 million is tax deductible.

The allocation of the purchase price is in the table below, which is subject to adjustment based upon the completion of purchase price allocations and working capital adjustments (in thousands):

Cash and cash equivalents	$ 18,559
Insurance collateral	39,934
Accounts receivable	89,000
Parts and supplies inventory	7,835
Prepaid and other current assets	19,914
Property, plant and equipment	92,360
Acquired intangible assets	224,800
Goodwill	406,467
Other long-term assets	2,676
Accounts payable	(16,802)
Other current liabilities	(904)
Accrued liabilities	(83,707)
Capital lease obligations	(1,408)
Insurance reserves	(25,510)
Long-term deferred tax liabilities	(71,172)
Other long-term liabilities	(27,899)
Total purchase price	$ 674,143

During the three months ended March 31, 2016, the Company made purchase price allocation adjustments including an increase to goodwill of $6.1 million related to the working capital adjustment paid during the three months ended March 31, 2016, offset by an increase in other current assets of $1.7 million, a decrease in accrued liabilities of $1.0 million, an increase in other long-term liabilities of $1.0 million, and other adjustments to opening balances for assets and liabilities.

Questcare Medical Services, P.A and QRx Medical Management, LLC. On December 3, 2015, the Company completed the acquisition of Questcare Medical Services, P.A. and QRx Medical Management, LLC (collectively "Questcare") for total purchase consideration of $136.3 million in cash, subject to working capital adjustments. Questcare has more than 800 clinical providers staffing more than 50 facilities in Texas, Oklahoma and Colorado. Questcare clinicians manage patient care across multiple hospital-based clinical specialties including emergency department, hospitalist, critical care unit and pediatric and obstetric hospitalist care services. In addition, Questcare provides post-acute facility-based care as well as primary care, urgent care and tele-medicine services. The Company acquired Questcare to achieve certain operational and strategic benefits.

The goodwill recognized in connection with the Questcare acquisition is assigned to the EmCare segment and is primarily attributable to synergies that are expected to be achieved through the integration of Questcare into the existing operations of EmCare. Of the goodwill recorded, $22.6 million is tax deductible.

The allocation of the purchase price is in the table below, which is subject to adjustment based upon the completion of purchase price allocations and working capital adjustments (in thousands):

Cash and cash equivalents	$ 1,682
Insurance collateral	6,420
Accounts receivable	22,210
Prepaid and other current assets	2,609
Property, plant and equipment	2,623
Acquired intangible assets	67,200
Goodwill	56,813
Other long-term assets	2,188
Accounts payable	(2,646)
Accrued liabilities	(12,628)
Insurance reserves	(8,047)
Long-term deferred tax liabilities	(2,132)
Other long-term liabilities	(33)
Total purchase price	$ 136,259

During the three months ended March 31, 2016, the Company made a purchase price allocation adjustment to increase long-term deferred tax liabilities by $3.7 million.

The Company has accounted for these acquisitions using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill.

The Company's statements of operations for the three months ended March 31, 2016, include net revenue of $313.8 million for SEA, VISTA, EMA, Rural/ Metro and Questcare.

Other 2015 Acquisitions.

On February 23, 2015, the Company acquired the stock of CareFirst, Inc., a provider of home health services in Birmingham, Alabama and surrounding areas for total purchase consideration of $7.3 million, subject to a working capital adjustment of $0.7 million, paid in cash.

On July 10, 2015, the Company completed the acquisition of Vital Enterprises, Inc., Emergency Medical Transportation, Inc., and Marlboro Hudson Ambulance & Wheelchair Service, Inc. (together the "Vital/ Marlboro Entities"), providers of ambulance service operations located in the northeastern United States for total purchase consideration of $42.5 million, subject to working capital adjustments, paid in cash. The goodwill recognized in connection with the Vital/ Marlboro Entities is assigned to the AMR segment and is primarily attributable to synergies that are expected to be achieved through the integration of Vital/ Marlboro Entities into the existing operations of AMR. Of the goodwill recorded, $9.3 million is tax deductible.

On September 30, 2015, the Company completed the acquisition of Northwest Tucson Emergency Physicians ("NTEP"), an emergency physician group serving the greater Tucson market, with 27 physicians and five mid-level providers for total purchase consideration of $25.0 million, subject to working capital adjustments, paid in cash. Prior to the acquisition, NTEP had a pension plan and is currently in the process of terminating and liquidating the plan. As the assets and liabilities of the pension plan of $2.8 million are offsetting, they are presented net in the consolidated balance sheets. The goodwill recognized in connection with the NTEP acquisition is assigned to the EmCare segment and is primarily attributable to synergies that are expected to be achieved through the integration of NTEP into the existing operations of EmCare. Of the goodwill recorded, none is tax deductible.

On December 24, 2015, the Company completed the acquisition of MetroCare Services-Abilene GP, LLC ("MetroCare"), a provider of ambulance service operations located in Texas for total purchase consideration of $5.0 million, subject to working capital adjustments. The goodwill recognized in connection with the MetroCare acquisition is assigned to the AMR segment and is primarily attributable to synergies that are expected to be achieved through the integration of MetroCare into the existing operations of AMR. Of the goodwill recorded, $1.1 million is tax deductible.

The Company has accounted for these acquisitions using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. The total purchase price for these acquisitions was allocated to goodwill of $24.3 million, other acquired intangible assets of $53.1 million, net assets of $6.7 million and long-term deferred tax liabilities of $11.5 million. These allocations are subject to adjustment based upon the completion of purchase price allocations, except for the allocation of the CareFirst, Inc. acquisition, which was complete as of March 31, 2016.

Pro Forma Information

The following unaudited pro forma operating results give effect to the SEA, VISTA, EMA and Rural/ Metro acquisitions, as if they had been completed as of January 1, 2015. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if these transactions had occurred on such date. The pro forma adjustments are based on certain assumptions that the Company believes are reasonable.

(in thousands)	Three Months Ended March 31, 2015
Net revenue	$ 1,454,606
Net income (loss)	31,516

5. Insurance Collateral

Insurance collateral consisted of the following as of March 31, 2016 and December 31, 2015 (in thousands):

	March 31, 2016	December 31, 2015
Available-for-sale securities:		
Corporate bonds/ Fixed income	$ 12,510	$ 13,096
Corporate equity	9,281	10,096
Total available-for-sale securities	21,791	23,192
Insurance receivable	1,106	644
Cash deposits and other	43,471	54,078
Total insurance collateral	$ 66,368	$ 77,914

As of March 31, 2016 and December 31, 2015, approximately $8.7 million and $9.1 million, respectively, of insurance collateral is included in other long-term assets on the consolidated balance sheets.

Amortized cost basis and aggregate fair value of the Company's available-for-sale securities as of March 31, 2016 and December 31, 2015 were as follows (in thousands):

	March 31, 2016			
Description	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate bonds/ Fixed income	$ 12,347	$ 163	$ —	$ 12,510
Corporate equity	10,127	—	(846)	9,281
Total available-for-sale securities	$ 22,474	$ 163	$ (846)	$ 21,791

	December 31, 2015			
Description	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate bonds/ Fixed income	$ 13,073	$ 43	$ (20)	$ 13,096
Corporate equity	10,974	—	(878)	10,096
Total available-for-sale securities	$ 24,047	$ 43	$ (898)	$ 23,192

As of March 31, 2016, available-for-sale securities included corporate bonds/ fixed income securities of $3.4 million with contractual maturities within one year and $9.1 million with contractual maturities extending longer than one year through five years. Actual maturities may differ from contractual maturities as a result of the Company's ability to sell these securities prior to maturity.

The Company's temporarily impaired investment securities available-for-sale as of March 31, 2016 and December 31, 2015 were as follows (in thousands):

	March 31, 2016		December 31, 2015	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds/ Fixed income:				
Less than 12 months	$ 700	$ —	$ 6,103	$ (19)
12 months or more	—	—	250	(1)
Corporate equity:				
Less than 12 months	1,829	(64)	—	—
12 months or more	7,453	(782)	10,096	(878)
Total	$ 9,982	$ (846)	$ 16,449	$ (898)

The Company evaluates the investment securities available-for-sale on a quarterly basis to determine whether declines in the fair value of these securities are other-than-temporary. This quarterly evaluation consists of reviewing the fair value of the security compared to the carrying amount, the historical volatility of the price of each security, and any industry and company specific factors related to each security.

The Company is not aware of any specific factors indicating that the underlying issuers of the corporate bonds/ fixed income securities would not be able to pay interest as it becomes due or repay the principal amount at maturity. Therefore, the Company believes that the changes in the estimated fair values of these debt securities are related to temporary market fluctuations. Additionally, the Company is not aware of any specific factors which indicate the unrealized losses on the investments in corporate equity securities are due to anything other than temporary market fluctuations.

The Company realized net gains of less than $0.1 million and zero on the sale and maturities of available-for-sale securities for the three months ended March 31, 2016 and 2015, respectively.

6. Accrued Liabilities

Accrued liabilities were as follows as of March 31, 2016 and December 31, 2015 (in thousands):

	March 31, 2016	December 31, 2015
Accrued wages and benefits	$ 316,877	$ 285,660
Current portion of self-insurance reserve	105,705	103,922
Current portion of compliance and legal	35,433	34,021
Accrued incentive compensation	32,066	33,090
Accrued income taxes	13,996	17,719
Accrued medical claim liabilities	59,734	6,115
Deferred revenue	26,285	27,461
Other	106,002	104,457
Total accrued liabilities	$ 696,098	$ 612,445

7. Debt and Capital Lease Obligations

Debt and capital lease obligations consisted of the following as of March 31, 2016 and December 31, 2015 (in thousands):

	March 31, 2016	December 31, 2015
Senior unsecured notes due 2022	$ 750,000	$ 750,000
Senior secured term loans due 2018 (4.25% to 4.50% as of March 31, 2016 and December 31, 2015)	2,270,361	2,276,204
ABL Facility	—	—
Notes due at various dates from 2016 to 2022 with interest rates from 6% to 10%	420	432
Capital lease obligations due at various dates from 2016 to 2018	2,757	3,089
Total	3,023,538	3,029,725
Less current portion	(24,453)	(24,550)
Discount on senior secured term loan	(11,454)	(12,075)
Debt issuance costs on senior unsecured notes, senior secured term loan and ABL Facility	(32,802)	(34,619)
Total long-term debt and capital lease obligations	$ 2,954,829	$ 2,958,481

As of March 31, 2016, letters of credit outstanding, which impact the available credit under the ABL Facility were $149.8 million and the maximum amount available under the ABL Facility was $400.2 million. These letters of credit primarily secure the Company's obligations under its captive insurance program.

8. Derivative Instruments and Hedging Activities

The Company manages its exposure to changes in fuel prices and, from time to time, uses highly effective derivative instruments to manage well-defined risk exposures. The Company monitors its positions and the credit ratings of its counterparties and does not anticipate non-performance by the counterparties. The Company does not use derivative instruments for speculative purposes.

At March 31, 2016, the Company was party to a series of fuel hedge transactions with a major financial institution under one master agreement executed in December 2014. Each of the transactions effectively fixes the cost of diesel fuel at prices ranging from $3.16 to $3.58 per gallon. The Company purchases the diesel fuel at the market rate and periodically settles with its counterparty for the difference between the national average price for the period published by the Department of Energy and the agreed upon fixed price. The transactions fix the price for a total of 1.9 million gallons, which represents approximately 18% of the Company's total estimated usage during the periods hedged, through December 2016. The Company recorded, as a component of other comprehensive income (loss) before applicable tax impacts, a liability associated with the fair value of the fuel hedge in the amount $2.3 million and $2.8 million, respectively, as of March 31, 2016 and December 31, 2015, respectively. Over the next 12 months, the Company expects to reclassify $2.3 million of deferred loss from accumulated other comprehensive income (loss) as the related fuel hedge transactions mature. Settlement of hedge agreements are included in operating expenses and resulted in net payments to the counterparty of $0.8 million and $0.2 million for the three months ended March 31, 2016 and 2015, respectively.

9. Changes in Accumulated Other Comprehensive Income (Loss) by Component

The following table summarizes the changes in the Company's accumulated other comprehensive income (loss) ("AOCI") by component as of March 31, 2016 and December 31, 2015 (in thousands). All amounts are after tax.

	Fuel hedge	Interest rate swap	Unrealized holding gains (losses) on available-for-sale securities	Other	Total
Balance as of January 1, 2015	$ (897)	$ (935)	$ (24)	$ —	$ (1,856)
Other comprehensive income (loss) before reclassifications	(1,627)	(6)	(473)	601	(1,505)
Amounts reclassified from accumulated other comprehensive income (loss)	784	941	(13)	—	1,712
Net current-period other comprehensive income (loss)	(843)	935	(486)	601	207
Balance as of December 31, 2015	(1,740)	—	(510)	601	(1,649)
Other comprehensive income (loss) before reclassifications	1	—	(23)	(1,745)	(1,767)
Amounts reclassified from accumulated other comprehensive income (loss)	311	—	(9)	—	302
Net current-period other comprehensive income (loss)	312	—	(32)	(1,745)	(1,465)
Balance as of March 31, 2016	$ (1,428)	$ —	$ (542)	$ (1,144)	$ (3,114)

The following table shows the line on the statements of operations affected by reclassifications out of AOCI (in thousands):

	Amount reclassified from AOCI Three Months Ended March 31,		
Details about AOCI components	2016	2015	Statements of Operations
Gains and losses on cash flow hedges:			
Fuel hedge	$ (497)	$ (196)	Operating expenses
Interest rate swap	—	(496)	Interest expense, net
	(497)	(692)	Total before tax
	186	260	Tax benefit (expense)
	$ (311)	$ (432)	Net of tax
Unrealized holding gains (losses) on available-for-sale securities	$ 15	$ —	Realized gains (losses) on investments
	15	—	Total before tax
	(6)	—	Tax benefit (expense)
	$ 9	$ —	Net of tax

10. Retirement Plans and Employee Benefits

Defined Benefit Pension Plan

Rural/ Metro Pension Plan

As part of the Company’s acquisition of Rural/ Metro on October 28, 2015, the Company acquired a defined benefit pension plan (the “Pension Plan”) that covers eligible employees of one of Rural/ Metro’s subsidiaries, primarily those covered by collective bargaining arrangements. Eligibility is achieved upon the completion of one year of service. Participants become fully vested in their accrued benefit after the completion of five years of service.

The Company’s general funding policy is to make annual contributions to the Pension Plan as required by the Employee Retirement Income Security Act. The Company contributed $0.7 million during the three months ended March 31, 2016.

The following table shows a reconciliation of plan assets for the three months ended March 31, 2016 (in thousands):

Change in plan assets:	
Fair value of plan assets as of December 31, 2015	$ 18,382
Actual return on plan assets	52
Employer contributions	700
Benefits paid	(25)
Plan participants' contributions	—
Fair value of plan assets at March 31, 2016	$ 19,109

The Company has adopted the fair value provisions (as described in Note 2) for the plan assets. The Company categorizes plan assets within a three-level fair value hierarchy.

The fair values of the Pension Plan assets as of March 31, 2016 and December 31, 2015, by asset class were as follows (in thousands):

	March 31, 2016			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Equity securities	$10,627	$ 297	$ —	$10,924
Debt securities	1,672	4,899	—	6,571
Real estate	438	—	1,176	1,614
Total equity securities	$12,737	$5,196	$1,176	$19,109

	December 31, 2015			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Equity securities	$10,350	$ 277	$ —	$10,627
Debt securities	1,560	4,679	—	6,239
Real estate	402	—	1,114	1,516
Total equity securities	$12,312	$4,956	$1,114	$18,382

The real estate balance classified as a Level 3 liability has increased approximately $0.1 million since December 31, 2015 as a result of purchases and net unrealized gains during the three months ended March 31, 2016.

Amortization of the net actuarial gain or loss resulting from experience different from that assumed and from changes in assumptions is included as a component of Net Periodic Benefit Cost or Income for each year. If, at the beginning of the year, that net gain or loss exceeds 10% of the greater of the projected benefit obligation and the market-related value of plan assets, the amortization is that excess divided by the average remaining service period of participating employees expected to receive benefits under the plan. The components of net periodic benefit cost and other amounts recognized as comprehensive (loss) income during the three months ended March 31, 2016, are as follows (in thousands):

Net periodic benefit cost:		
Service cost	$	789
Interest cost		474
Expected return on plan assets		(305)
Net periodic benefit cost	$	958
Other changes in plan assets and benefit obligations recognized as other comprehensive loss (income)		
Net loss (gain)		1,745
Net gain recognized during the period		—
Total recognized in other comprehensive loss (income)	$	1,745
Total recognized as net periodic benefit cost and other comprehensive loss (income)	$	2,703

Amounts in accumulated other comprehensive income (loss), before income taxes, that have not been recognized as net periodic benefit cost as of March 31, 2016, consist of $1.1 million of accumulated net actuarial losses.

Other Pension Plans

SEA has a pension plan (the "SEA Plan") with $10.1 million in accumulated benefit obligations as of the acquisition date. The SEA Plan was frozen at acquisition. The SEA Plan is fully funded, with both investments and escrow funds set aside to cover any shortfall of the investments in covering the liabilities upon liquidation. The Company received a favorable determination letter from the IRS dated February 2, 2016, and anticipates that the liquidation of the SEA Plan will be completed in the second quarter of 2016. At March 31, 2016, the SEA Plan assets and liabilities are netted in the Company's consolidated balance sheets.

NTEP has a pension plan (the "NTEP Plan") with $2.8 million in accumulated benefit obligations as of the acquisition date. The NTEP Plan was frozen and is in the process of being terminated with the IRS. The NTEP Plan is fully funded, with both investments and escrow funds set aside to cover any shortfall of the investments in covering the liabilities upon liquidation. The Company anticipates that the NTEP Plan will be terminated and liquidated by December 31, 2016. At March 31, 2016, the NTEP Plan assets and liabilities are netted in the Company's consolidated balance sheets.

Employee Stock Purchase Plan and Provider Stock Purchase Plan

Beginning on May 1, 2015, the Company's employees may participate in the Envision Healthcare Holdings, Inc. 2015 Employee Stock Purchase Plan (the "ESPP"), pursuant to which the Company is authorized to issue up to 1.2 million shares of common stock. Substantially all full-time employees who have been employed by the Company for at least 60 days prior to the offering period are eligible to participate in the ESPP. Employee stock purchases are made through payroll deductions.

Beginning on May 1, 2015, certain individuals that provide clinical services for the Company and its subsidiaries or professional association affiliates may participate in the Envision Healthcare Holdings, Inc. 2015 Provider Stock Purchase Plan (the "PSPP"), pursuant to which the Company is authorized to issue up to 1.2 million shares of common stock. All active service providers that customarily work more than 120 hours per month and have provided at least 240 hours of service prior to the relevant offering period are eligible to participate in the PSPP. Provider stock purchases are made through paycheck deductions.

Under the terms of both the ESPP and PSPP, employees and service providers may not deduct an amount which would permit such employee or service provider to purchase the Company's capital stock under all of the Company's stock purchase plans at a rate which would exceed $25,000 in fair value of capital stock in any offering period. The purchase price of the stock is 90% of the closing price of the common stock on the last trading day of the offering period.

There were no employee or provider purchases of common stock through the ESPP or the PSPP during the three months ended March 31, 2016 or 2015.

11. Equity-Based Compensation

Omnibus Incentive Plan

Upon completion of the Company's initial public offering in August 2013, the then-existing stock compensation plan terminated and the Envision Healthcare Holdings, Inc. 2013 Omnibus Incentive Plan ("Omnibus Incentive Plan") was adopted, pursuant to which options and awards with respect to a total of 16,708,289 shares of common stock are available for grant. As of March 31, 2016, a total of 13,953,321 shares remained available for grant under the Omnibus Incentive Plan. Awards under the Omnibus Incentive Plan include both performance and non-performance based awards. Awards are granted with exercise prices equal to the fair value of the Company's common stock at the date of grant. No participant may be granted in any calendar year awards covering more than 2.5 million shares of common stock or 1.5 million performance awards up to a maximum dollar value of $5.0 million. Non-performance based awards have time-based vesting and performance-based awards vest upon achievement of certain market-based objectives. All options have 10-year terms.

During February 2016, the Company adopted a long-term incentive plan (the "2016 LTIP") which provides stock options, restricted stock units ("RSUs"), and market-based performance share units ("PSUs") in combination. The stock options and RSUs vest ratably over three years. The PSUs vest based on achievement of both the three-year service condition and market condition. The holders of the RSUs and PSUs are entitled to receive cash dividend equivalents related to regular cash dividends paid by the Company. As of March 31, 2016, the Company had issued awards under the 2016 LTIP including 1,573,288 stock options with a grant date fair value of $8.38 per option using the Black-Scholes valuation model, 278,904 RSUs with a grant date fair value of $21.99 per RSU using the market price on the date of grant, and 585,587 PSUs with a grant date fair value of $22.41 per PSU using a Monte Carlo simulation model.

The Monte Carlo simulation used to calculate the fair value of the PSUs simulates the present value of the potential outcomes of future stock prices of the Company and the companies included in the defined performance index over the performance cycle. The projection of stock prices are based on the risk-free rate of return, the volatilities of the stock price of the Company and the companies included in the defined performance index, and the correlation of the stock price of the Company with these companies.

Total equity-based compensation charges of $2.3 million and $1.4 million were recorded for the three months ended March 31, 2016 and 2015, respectively. As of March 31, 2016, total unrecognized compensation cost related to unvested awards was $34.8 million, which will be recognized over the weighted average remaining vesting life of 2.1 years.

12. Commitments and Contingencies

Lease Commitments

The Company leases various facilities and equipment under operating lease agreements. Rental expense incurred under these leases was $19.0 million and $12.8 million for the three months ended March 31, 2016 and 2015, respectively.

The Company also records certain leasehold improvements and vehicles under capital leases. Assets under capital leases are capitalized using inherent interest rates at the inception of each lease. Capital leases are collateralized by the underlying assets.

Letters of Credit

As of March 31, 2016 and December 31, 2015, the Company had $172.9 million and $140.8 million, respectively, in outstanding letters of credit.

Services

The Company is subject to the Medicare and Medicaid fraud and abuse laws which prohibit, among other things, any false claims, or any bribe, kickback or rebate in return for the referral of Medicare and Medicaid patients. Violation of these prohibitions may result in civil and criminal penalties and exclusion from participation in the Medicare and Medicaid programs. Management has implemented policies and procedures that management believes will assure that the Company is in substantial compliance with these laws and regulations but there can be no assurance the Company will not be found to have violated certain of these laws and regulations. From time to time, the Company receives requests for information from government agencies pursuant to their regulatory or investigational authority. Such requests can include subpoenas or demand letters for documents to assist the government agencies in audits or investigations. The Company is cooperating with the government agencies conducting these investigations and is providing requested information to the government agencies. Other than the proceedings described below, management believes that the outcome of any of these investigations would not have a material adverse effect on the Company.

Other Legal Matters

In December 2006, AMR received a subpoena from the U.S. Department of Justice (“DOJ”). The subpoena requested copies of documents for the period from January 2000 through the present. The subpoena required AMR to produce a broad range of documents relating to the operations of certain AMR affiliates in New York. The Company produced documents responsive to the subpoena. The government identified claims for reimbursement that the government believes lack support for the level billed, and invited the Company to respond to the identified areas of concern. The Company reviewed the information provided by the government and provided its response. On May 20, 2011, AMR entered into a settlement agreement with the DOJ and a Corporate Integrity Agreement (“CIA”) with the Office of Inspector General of the Department of Health and Human Services (“OIG”) in connection with this matter. Under the terms of the settlement, AMR paid $2.7 million to the federal government. In connection with the settlement, the Company entered into a CIA with a five-year period beginning May 20, 2011. Pursuant to this CIA, the Company is required to maintain a compliance program, which includes, among other elements, the appointment of a compliance officer and committee, training of employees nationwide, safeguards for its billing operations as they relate to services provided in New York, including specific training for operations and billing personnel providing services in New York, review by an independent review organization and reporting of certain reportable events. The Company entered into the settlement in order to avoid the uncertainties of litigation, and has not admitted any wrongdoing. In May 2013 a subsidiary of the Company entered into an agreement to divest substantially all the assets underlying AMR’s services in New York, although the obligations of the Company’s compliance program will remain in effect following the expected divestiture. The divesture was completed on July 1, 2013.

Four different putative class action lawsuits were filed against AMR and certain subsidiaries in California alleging violations of California wage and hour laws. On April 16, 2008, Laura Bartoni commenced a suit in the Superior Court for the State of California, County of Alameda; on July 8, 2008, Vaughn Banta filed suit in the Superior Court of the State of California, County of Los Angeles; on January 22, 2009, Laura Karapetian filed suit in the Superior Court of the State of California, County of Los Angeles; and on March 11, 2010, Melanie Aguilar filed suit in Superior Court of the State of California, County of Los Angeles. The Banta, Aguilar and Karapetian cases have been coordinated in the Superior Court for the State of California, County of Los Angeles, and the Aguilar and Karapetian cases have subsequently been consolidated into a single action. In these cases, the plaintiffs allege principally that the AMR entities failed to pay wages, including overtime wages, in compliance with California law, and failed to provide required meal breaks, rest breaks or pay premium compensation for missed breaks. The plaintiffs are seeking to certify classes on these claims and are seeking lost wages, various penalties, and attorneys’ fees under California law. While certification of the rest period claims in the consolidated Karapetian/ Aguilar case was denied, the Court certified classes on claims alleging that AMR has not provided meal periods in compliance with the law as to dispatchers and call takers, that AMR has an unlawful time rounding policy, and that AMR has an unlawful practice of setting rates for those employees. On October

13, 2015, the Court decertified all classes in the Karapetian/ Aguilar case, a decision that is being appealed. In the Banta case, the Court denied certification of the meal and rest period claims as to EMTs and paramedics, a decision that plaintiff's counsel appealed. The appeal was denied because of the pendency of other class and representative claims in the case. The Court indicated that it would certify a class on overtime claims and plaintiff's counsel indicated an intention to dismiss that claim as AMR's policy complies with a recent Court of Appeals decision. To date, these claims have not been dismissed. In the Bartoni case, the Court denied certification on the meal and rest period claims of all unionized employees in Northern California, a decision that is being appealed; while the Court certified a class on the overtime claims, plaintiffs' counsel stipulated to decertify and dismiss those claims as AMR's policy complies with a recent Court of Appeals decision. The Company is unable at this time to estimate the amount of potential damages, if any.

In September 2009 a qui tam action was filed against Rural/Metro in the U. S. District Court for the Northern District of Alabama. The complaint alleged that Rural/Metro had falsified Medicare required documents and billed Medicare and Medicaid improperly for ambulance services. The federal government intervened in the lawsuit on March 14, 2011, and on June 14, 2012, Rural/Metro entered into a settlement agreement with the DOJ and plaintiff, agreeing to pay $5.5 million to the federal government. In connection with this settlement, Rural/Metro entered into a CIA with the OIG (the "Rural/Metro CIA"), which requires it to maintain a compliance program. This program includes, among other elements, the appointment of a compliance officer and committee, training of employees nationwide, safeguards for Rural/Metro's billing operations, review by an independent review organization and reporting of certain reportable events. The term of the Rural/Metro CIA is five years and is set to expire in June 2017. On October 28, 2015, the Company completed its acquisition of Rural/Metro.

On December 10, 2012, an OIG subpoena was served on Mercy Hospital in Buffalo, New York, requesting documents related to interfacility specialty care transports provided by Rural/Metro's Buffalo division. Rural/Metro provided responsive documents. On April 14, 2014, Rural/Metro received a second subpoena from the DOJ, Western District of New York, requesting additional information. The investigation was subsequently expanded to include Rural/Metro's Kentucky market. Rural/Metro is cooperating with the government and is in the process of providing additional responsive documents. The Company is unable to determine the potential impact, if any, that will result from this investigation.

On August 7, 2012, EmCare received a subpoena from the OIG requesting copies of documents for the period from January 1, 2007, through the present that appears to be primarily focused on EmCare's contracts for services at hospitals that are affiliated with Health Management Associates, Inc. ("HMA"). During the months of December 2013 and January 2014, several lawsuits filed by whistleblowers on behalf of the federal and certain state governments against HMA were unsealed; the Company is a named defendant in two of these lawsuits (the "HMA Lawsuits"). Although the federal government intervened in these lawsuits in connection with certain of the allegations against HMA, the federal government has not, at this time, intervened in these matters as they relate to the Company. The Company has been engaged in dialogue with the relevant federal government representatives in an effort to reach a resolution of this matter. As the Company and these government representatives have made significant progress towards resolution of these matters, the Company recorded a reserve of $30.0 million as of December 31, 2015, based on the Company's estimates of probable exposure resulting from the HMA Lawsuits.

On January 8, 2015, the U.S. Attorney's Office for the District of Arizona issued a Civil Investigative Demand ("CID") for copies of documents pertaining to ambulance transports provided by Rural/ Metro in its San Diego and Arizona markets. The CID does not provide any information regarding specific allegations or claims made by the government. Rural/ Metro is cooperating with the government during its investigation and has provided responsive documents. The Company is unable to determine the potential impact, if any, that will result from this investigation.

On March 27, 2015, OIG issued a Request for Information or Assistance to Rural/ Metro relating to its Arvada, Colorado location. The request does not indicate any specific allegation against Rural/ Metro. Rural/ Metro is cooperating with the government during its investigation and has provided responsive documents. The Company is unable to determine the potential impact, if any, that will result from this investigation.

The Company is involved in other litigation arising in the ordinary course of business. Management believes the outcome of these legal proceedings will not have a material adverse impact on its financial condition, results of operations or liquidity.

13. Variable Interest Entities

GAAP requires the assets, liabilities, noncontrolling interests and activities of Variable Interest Entities (“VIEs”) to be consolidated if an entity’s interest in the VIE has a controlling financial interest. Under the Variable Interest Model, a controlling financial interest is determined based on which entity, if any, has: i) the power to direct the activities of the VIE that most significantly impacts the VIE’s economic performance and ii) the obligations to absorb the losses that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. For all consolidated VIEs, the Company is not contractually obligated to fund losses, if any, in excess of its investment.

AHAH-Evolution JV

Evolution Health, LLC (“Evolution”), included within the EmCare segment, entered into an agreement in 2014 with Ascension Health to form an entity which would provide home health, hospice, and home infusion therapy pharmacy services to patients (“AHAH-Evolution JV”). AHAH-Evolution JV began providing services to patients during the first quarter of 2015 and meets the definition of a VIE. The Company determined that, although Evolution holds 50% voting control, Evolution is the primary beneficiary and must consolidate this VIE because:

- Evolution provides management services to AHAH-Evolution JV including providing comprehensive management oversight, operational reporting guidelines, recruiting, credentialing, billing, payroll, accounting, and other various administrative services and therefore substantially all of AHAH-Evolution JV’s activities involve Evolution; and

- as payment for management services, Evolution is entitled to receive a variable management fee from AHAH-Evolution.

The following table summarizes the AHAH-Evolution JV assets and liabilities as of March 31, 2016, which are included in the Company’s consolidated financial statements (in thousands):

	March 31, 2016	December 31, 2015
Current assets	$ 47,387	$ 38,815
Current liabilities	13,120	10,095

UHS-EmCare JV

EmCare entered into an agreement in 2014 with Universal Health Services, Inc. to form an entity to provide physician services to various healthcare facilities (“UHS-EmCare JV”). UHS-EmCare JV began providing services to healthcare facilities during the second quarter of 2014 and meets the definition of a VIE. The Company determined that, although EmCare holds 50% voting control, EmCare is the primary beneficiary and must consolidate this VIE because:

- EmCare provides management services to UHS-EmCare JV including recruiting, credentialing, scheduling, billing, payroll, accounting and other various administrative services and therefore substantially all of UHS-EmCare JV’s activities involve EmCare; and

- as payment for management services, EmCare is entitled to receive a variable management fee from UHS-EmCare JV.

The following table summarizes the UHS-EmCare JV assets and liabilities as of March 31, 2016 and December 31, 2015, which are included in the Company's consolidated financial statements (in thousands):

	March 31, 2016	December 31, 2015
Current assets	$ 31,302	$ 37,448
Current liabilities	11,326	12,638

HCA-EmCare JV

EmCare entered into an agreement in 2011 with an indirect wholly-owned subsidiary of HCA Holdings Inc. to form an entity to provide physician services to various healthcare facilities ("HCA-EmCare JV"). HCA-EmCare JV began providing services to healthcare facilities during the first quarter of 2012 and meets the definition of a VIE. The Company determined that, although EmCare only holds 50% voting control, EmCare is the primary beneficiary and must consolidate this VIE because:

- EmCare provides management services to HCA-EmCare JV including recruiting, credentialing, scheduling, billing, payroll, accounting and other various administrative services and therefore substantially all of HCA-EmCare JV's activities involve EmCare; and

- as payment for management services, EmCare is entitled to receive a base management fee from HCA-EmCare JV as well as a bonus management fee.

The following table summarizes the HCA-EmCare JV assets and liabilities as of March 31, 2016 and December 31, 2015, which are included in the Company's consolidated financial statements (in thousands):

	March 31, 2016	December 31, 2015
Current assets	$ 195,930	$ 179,632
Current liabilities	55,817	54,861

14. Segment Information

The Company is organized around two separately managed business units: facility-based and post-acute care physician services and healthcare transportation services, which have been identified as reportable operating segments. The facility-based and post-acute care physician services reportable segment provides physician services to hospitals primarily for emergency department, anesthesiology, hospitalist/inpatient, radiology, tele-radiology and surgery services. It also offers physician-led care management solutions outside the hospital. The healthcare transportation services reportable segment focuses on providing a full range of medical transportation services from basic patient transit to the most advanced emergency care and pre-hospital assistance. The Chief Executive Officer has been identified as the chief operating decision maker (the "CODM") as he assesses the performance of the business units and decides how to allocate resources to the business units.

Net income (loss) before equity in earnings of unconsolidated subsidiary, income tax benefit (expense), loss on early debt extinguishment, other income (expense), net, realized gains (losses) on investments, interest expense, net, equity-based compensation expense, transaction costs related to acquisition activity, related party management fees, restructuring and other charges, severance and related costs, adjustment to net (income) loss attributable to noncontrolling interest due to deferred taxes, and depreciation and amortization expense ("Adjusted EBITDA") is the measure of profit and loss that the CODM uses to assess performance and make decisions. Adjusted EBITDA is not considered a measure of financial performance under GAAP and the items excluded from Adjusted EBITDA are significant components in understanding and assessing the Company's financial performance. Adjusted EBITDA should not be considered in isolation or as an alternative to such GAAP measures as net income, cash flows provided by or used in operating, investing or financing activities or other financial statement data presented in the Company's financial statements as an indicator of financial performance. Since Adjusted EBITDA is not a measure determined to be in accordance with GAAP and is susceptible to varying calculations, Adjusted EBITDA, as presented, may not be comparable to other similarly titled measures of other companies. Pre-tax income from continuing operations represents net revenue less direct operating expenses incurred within the operating segments. The accounting policies for reported segments are the same as for the Company as a whole (see Note 2).

The Company's operating segment results were as follows (in thousands):

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Facility-Based and Post-Acute Care Physician Services		
Net revenue	$ 1,012,848	$ 825,108
Income from operations	58,981	52,175
Adjusted EBITDA	87,328	77,095
Healthcare Transportation Services		
Net revenue	$ 584,698	$ 419,394
Income from operations	28,528	31,088
Adjusted EBITDA	64,260	51,771
Segment Totals		
Net revenue	$ 1,597,546	$ 1,244,502
Income from operations	87,509	83,263
Adjusted EBITDA	151,588	128,866

A reconciliation of net income (loss) to Adjusted EBITDA (in thousands):

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Net income (loss)	$ 30,466	$ 33,930
Add-back of non-operating expense (income):		
Interest expense, net	38,883	26,687
Income tax expense (benefit)	19,392	22,516
Realized losses (gains) on investments	(15)	—
Interest income from restricted assets	(363)	(130)
Equity in earnings of unconsolidated subsidiary	(132)	(72)
Other expense (income), net	(722)	332
Income from operations — segment totals	87,509	83,263
Add-back of operating expense (income):		
Depreciation and amortization expense	57,433	39,881
Restructuring and other charges	106	—
Severance and related costs	1,822	1,694
Net (income) loss attributable to noncontrolling interest	(3,616)	(555)
Interest income from restricted assets	363	130
Equity-based compensation expense	2,285	1,353
Transaction costs	5,686	3,100
Adjusted EBITDA	$ 151,588	$ 128,866

Facility-Based and Post-Acute Care Physician Services	**Three Months Ended March 31, 2016**	**2015**
Adjusted EBITDA	$ 87,328	$ 77,095
Depreciation and amortization expense	(26,991)	(20,529)
Restructuring and other charges	(106)	—
Severance and related costs	(603)	(1,224)
Net (income) loss attributable to noncontrolling interest	3,616	555
Interest income from restricted assets	(252)	(19)
Equity-based compensation expense	(1,097)	(609)
Transaction costs	(2,914)	(3,094)
Income from operations	$ 58,981	$ 52,175

Healthcare Transportation Services	**Three Months Ended March 31, 2016**	**2015**
Adjusted EBITDA	$ 64,260	$ 51,771
Depreciation and amortization expense	(30,442)	(19,352)
Severance and related costs	(1,219)	(470)
Interest income from restricted assets	(111)	(111)
Equity-based compensation expense	(1,188)	(744)
Transaction costs	(2,772)	(6)
Income from operations	$ 28,528	$ 31,088

15. Consolidating Financial Information

Pursuant to the indenture governing the 2022 Notes, so long as any of the 2022 Notes are outstanding, the Company is required to provide condensed consolidating financial information with a separate column for (i) the Company and its subsidiaries (other than Corporation and its subsidiaries) on a combined basis, (ii) Corporation and its subsidiaries, (iii) consolidating adjustments on a combined basis, and (iv) the total consolidated amount. The consolidating adjustments column represents the elimination of any intercompany activity between EVHC (excluding Corporation and its subsidiaries) and Corporation.

Consolidating Balance Sheet
As of March 31, 2016
(in thousands, unaudited)

	EVHC (excluding Corporation)	Corporation and Subsidiaries	Consolidating Adjustments	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 5	$ 191,652	$ —	$ 191,657
Insurance collateral	—	57,682	—	57,682
Trade and other accounts receivable, net	—	1,296,320	—	1,296,320
Parts and supplies inventory	—	33,675	—	33,675
Prepaids and other current assets	—	123,178	—	123,178
Total current assets	5	1,702,507	—	1,702,512
Property, plant, and equipment, net	—	351,469	—	351,469
Intangible assets, net	—	1,020,105	—	1,020,105
Goodwill	—	3,299,231	—	3,299,231
Other long-term assets	104	95,421	(104)	95,421
Investment in wholly owned subsidiary	1,995,919	—	(1,995,919)	—
Total assets	$1,996,028	$6,468,733	$(1,996,023)	$6,468,738
Liabilities and Equity				
Current liabilities:				
Accounts payable	$ —	$ 63,442	$ —	$ 63,442
Accrued liabilities	—	696,098	—	696,098
Current portion of long-term debt and capital lease obligations	—	24,453	—	24,453
Total current liabilities	—	783,993	—	783,993
Long-term debt and capital lease obligations	—	2,954,829	—	2,954,829
Long-term deferred tax liabilities	—	391,352	(104)	391,248
Insurance reserves	—	249,169	—	249,169
Other long-term liabilities	—	54,953	—	54,953
Total liabilities	—	4,434,296	(104)	4,434,192
Equity:				
Common stock	1,871	—	—	1,871
Preferred stock	—	—	—	—
Additional paid-in capital	1,681,680	1,614,168	(1,614,168)	1,681,680
Retained earnings	315,591	384,865	(384,865)	315,591
Accumulated other comprehensive income (loss)	(3,114)	(3,114)	3,114	(3,114)
Total Envision Healthcare Holdings, Inc. equity	1,996,028	1,995,919	(1,995,919)	1,996,028
Noncontrolling interest	—	38,518	—	38,518
Total equity	1,996,028	2,034,437	(1,995,919)	2,034,546
Total liabilities and equity	$1,996,028	$6,468,733	$(1,996,023)	$6,468,738

Consolidating Balance Sheet
As of December 31, 2015
(in thousands)

	EVHC (excluding Corporation)	Corporation and Subsidiaries	Consolidating Adjustments	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 5	$ 141,672	$ —	$ 141,677
Insurance collateral	—	68,849	—	68,849
Trade and other accounts receivable, net	—	1,257,021	—	1,257,021
Parts and supplies inventory	—	34,023	—	34,023
Prepaids and other current assets	3,650	96,857	(3,650)	96,857
Total current assets	3,655	1,598,422	(3,650)	1,598,427
Property, plant, and equipment, net	—	335,869	—	335,869
Intangible assets, net	—	1,051,631	—	1,051,631
Goodwill	—	3,271,933	—	3,271,933
Other long-term assets	103	95,712	(103)	95,712
Investment in wholly owned subsidiary	1,963,780	—	(1,963,780)	—
Total assets	$1,967,538	$6,353,567	$(1,967,533)	$6,353,572
Liabilities and Equity				
Current liabilities:				
Accounts payable	$ 999	$ 67,986	$ —	$ 68,985
Accrued liabilities	—	616,095	(3,650)	612,445
Current portion of long-term debt and capital lease obligations	—	24,550	—	24,550
Total current liabilities	999	708,631	(3,650)	705,980
Long-term debt and capital lease obligations	—	2,958,481	—	2,958,481
Long-term deferred tax liabilities	—	369,213	(103)	369,110
Insurance reserves	—	252,650	—	252,650
Other long-term liabilities	—	65,910	—	65,910
Total liabilities	999	4,354,885	(3,753)	4,352,131
Equity:				
Common stock	1,869	—	—	1,869
Preferred stock	—	—	—	—
Additional paid-in capital	1,677,578	1,606,975	(1,606,975)	1,677,578
Retained earnings	288,741	358,454	(358,454)	288,741
Accumulated other comprehensive income (loss)	(1,649)	(1,649)	1,649	(1,649)
Total Envision Healthcare Holdings, Inc. equity	1,966,539	1,963,780	(1,963,780)	1,966,539
Noncontrolling interest	—	34,902	—	34,902
Total equity	1,966,539	1,998,682	(1,963,780)	2,001,441
Total liabilities and equity	$1,967,538	$6,353,567	$(1,967,533)	$6,353,572

Condensed Consolidating Statement of Operations
(in thousands, unaudited)

	Three Months Ended March 31, 2016			
	EVHC (excluding Corporation)	Corporation and Subsidiaries	Consolidating Adjustments	Total
Net revenue	$ —	$1,597,546	$ —	$1,597,546
Compensation and benefits	—	1,123,873	—	1,123,873
Operating expenses	—	253,215	—	253,215
Insurance expense	—	37,420	—	37,420
Selling, general and administrative expenses	—	37,990	—	37,990
Depreciation and amortization expense	—	57,433	—	57,433
Restructuring and other charges	—	106	—	106
Income (loss) from operations	—	87,509	—	87,509
Interest income from restricted assets	—	363	—	363
Interest expense, net	—	(38,883)	—	(38,883)
Realized gains (losses) on investments	—	15	—	15
Other income (expense), net	718	4	—	722
Income (loss) before taxes and equity in earnings of unconsolidated subsidiary	718	49,008	—	49,726
Income tax benefit (expense)	(279)	(19,113)	—	(19,392)
Income (loss) before equity in net income (loss) of subsidiary and equity in earnings of unconsolidated subsidiary	439	29,895	—	30,334
Equity in net income (loss) of subsidiary	26,411	—	(26,411)	—
Equity in earnings of unconsolidated subsidiary	—	132	—	132
Net income (loss)	26,850	30,027	(26,411)	30,466
Less: Net (income) loss attributable to noncontrolling interest	—	(3,616)	—	(3,616)
Net income (loss) attributable to Envision Healthcare Holdings, Inc.	$ 26,850	$ 26,411	$ (26,411)	$ 26,850

Condensed Consolidating Statement of Operations
(in thousands, unaudited)

	Three Months Ended March 31, 2015			
	EVHC (excluding Corporation)	Corporation and Subsidiaries	Consolidating Adjustments	Total
Net revenue	$ —	$1,244,502	$ —	$1,244,502
Compensation and benefits	—	907,657	—	907,657
Operating expenses	—	151,726	—	151,726
Insurance expense	—	35,526	—	35,526
Selling, general and administrative expenses	—	26,449	—	26,449
Depreciation and amortization expense	—	39,881	—	39,881
Income from operations	—	83,263	—	83,263
Interest income from restricted assets	—	130	—	130
Interest expense, net	—	(26,687)	—	(26,687)
Other income (expense), net	(332)	—	—	(332)
Income (loss) before taxes and equity in earnings of unconsolidated subsidiary	(332)	56,706	—	56,374
Income tax benefit (expense)	129	(22,645)	—	(22,516)
Income (loss) before equity in net income (loss) of subsidiary and equity in earnings of unconsolidated subsidiary	(203)	34,061	—	33,858
Equity in net income (loss) of subsidiary	33,578	—	(33,578)	—
Equity in earnings of unconsolidated subsidiary	—	72	—	72
Net income (loss)	33,375	34,133	(33,578)	33,930
Less: Net (income) loss attributable to noncontrolling interest	—	(555)	—	(555)
Net income (loss) attributable to Envision Healthcare Holdings, Inc.	$ 33,375	$ 33,578	$ (33,578)	$ 33,375

Condensed Consolidating Statement of Cash Flows
(in thousands, unaudited)

	Three Months Ended March 31, 2016		
	EVHC (excluding Corporation)	Corporation and Subsidiaries	Total
Cash Flows from Operating Activities			
Net cash provided by (used in) operating activities	$ (561)	$ 90,179	$ 89,618
Cash Flows from Investing Activities			
Purchases of available-for-sale securities	—	(8)	(8)
Sales and maturities of available-for-sale securities	—	1,448	1,448
Purchase of property, plant and equipment	—	(39,121)	(39,121)
Proceeds from sale of property, plant and equipment	—	28	28
Acquisition of businesses, net of cash received	—	(6,686)	(6,686)
Net change in insurance collateral	—	10,075	10,075
Other investing activities	—	(301)	(301)
Net cash provided by (used in) investing activities	—	(34,565)	(34,565)
Cash Flows from Financing Activities			
Borrowings under the ABL Facility	—	70,000	70,000
Repayments of the ABL Facility	—	(70,000)	(70,000)
Repayments of the Term Loan	—	(5,843)	(5,843)
Debt issuance costs	—	(703)	(703)
Proceeds from stock options exercised and issuance of shares under employee stock purchase plan and provider stock purchase plan	—	689	689
Excess tax benefits from equity-based compensation	—	1,130	1,130
Other financing activities	—	(346)	(346)
Net intercompany borrowings (payments)	561	(561)	—
Net cash provided by (used in) financing activities	561	(5,634)	(5,073)
Change in cash and cash equivalents	—	49,980	49,980
Cash and cash equivalents, beginning of period	5	141,672	141,677
Cash and cash equivalents, end of period	$ 5	$ 191,652	$ 191,657

Condensed Consolidating Statement of Cash Flows
(in thousands, unaudited)

	Three Months Ended March 31, 2015		
	EVHC (excluding Corporation)	Corporation and Subsidiaries	Total
Cash Flows from Operating Activities			
Net cash provided by (used in) operating activities	$ (204)	$ 45,519	$ 45,315
Cash Flows from Investing Activities			
Purchases of available-for-sale securities	—	(472)	(472)
Sales and maturities of available-for-sale securities	—	200	200
Purchase of property, plant and equipment	—	(13,507)	(13,507)
Proceeds from sale of property, plant and equipment	—	44	44
Acquisition of businesses, net of cash received	—	(498,283)	(498,283)
Net change in insurance collateral	—	(4,508)	(4,508)
Other investing activities	—	(912)	(912)
Net cash provided by (used in) investing activities	—	(517,438)	(517,438)
Cash Flows from Financing Activities			
Borrowings under the ABL Facility	—	285,000	285,000
Repayments of the Term Loan	—	(3,343)	(3,343)
Repayments of the ABL Facility	—	(50,000)	(50,000)
Debt issuance costs	—	(27)	(27)
Proceeds from stock options exercised and issuance of shares under employee stock purchase plan and provider stock purchase plan	—	3,548	3,548
Excess tax benefits from equity-based compensation	—	10,945	10,945
Contributions from noncontrolling interest, net	—	100	100
Other financing activities	—	(120)	(120)
Net intercompany borrowings (payments)	204	(204)	—
Net cash provided by (used in) financing activities	204	245,899	246,103
Change in cash and cash equivalents	—	(226,020)	(226,020)
Cash and cash equivalents, beginning of period	5	318,890	318,895
Cash and cash equivalents, end of period	$ 5	$ 92,870	$ 92,875

16. Subsequent Events

On April 7, 2016, the Company completed the acquisition of Emergency Physicians Medical Group ("EPMG") for cash consideration of $122.1 million, subject to working capital adjustments, and issued EPMG's shareholders preferred stock in the direct parent company of EPMG. EPMG employs more than 500 clinical providers who staff emergency departments, hospital medicine departments, and urgent care centers at 37 facilities in Michigan, Illinois, Indiana, Ohio, Iowa and Delaware. In addition, EPMG operates community paramedicine programs and provides tele-medicine services in urgent care and post-acute care operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements and Factors That May Affect Results

Certain statements and information herein may be deemed to be "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Forward-looking statements may include, but are not limited to, statements relating to our 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. Any forward-looking statements herein are made as of the date this Quarterly Report on Form 10-Q is filed with the SEC, and we undertake no duty to update or revise any such statements. 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 this Quarterly Report on Form 10-Q and in our other filings with the SEC from time to time, including the risks described in Item 1A "Risk Factors" of Part II of this Form 10-Q and Item 1A "Risk Factors" of Part I of our Annual Report on Form 10-K for the year ended December 31, 2015 (the "2015 Form 10-K").

Among the factors that could cause future results to differ materially from those provided in this Quarterly Report on Form 10-Q are: decreases in our revenue and profit margin under our fee-for-service contracts due to changes in volume, payor mix and third party reimbursement rates, including from political discord in the federal budgeting process; the loss of existing contracts; failure to accurately assess costs under new contracts; difficulties in our ability to recruit and retain qualified physicians and other healthcare professionals, and enforce our non-compete agreements with our physicians; failure to implement some or all of our business strategies, including our efforts to grow our post-acute care physician services business and cross-sell our services; lawsuits for which we are not fully reserved; the adequacy of our insurance coverage and insurance reserves; our ability to successfully integrate strategic acquisitions, including the acquisition of Rural/ Metro Corporation ("Rural/ Metro"); expected synergies and other financial benefits of the acquisition may not be realized; unanticipated restructuring costs may be incurred or undisclosed liabilities assumed from the acquisition; attempts to retain key personnel and customers from Rural/ Metro may not succeed; the high level of competition in the markets we serve; the cost of capital expenditures to maintain and upgrade our vehicle fleet and medical equipment; the loss of one or more members of our senior management team; our ability to maintain or implement complex information systems; disruptions in disaster recovery systems, management continuity planning or information systems; our ability to adequately protect our intellectual property and other proprietary rights or to defend against intellectual property infringement claims; challenges by tax authorities on our treatment of certain physicians as independent contractors; the impact of labor union representation; the impact of fluctuations in results due to our national contract with the Federal Emergency Management Agency ("FEMA"); potential penalties or changes to our operations, including our ability to collect accounts receivable, if we fail to comply with extensive and complex government regulation of our industry; the impact of changes in the healthcare industry, including changes due to healthcare reform; our ability to timely enroll our providers in the Medicare program; our ability to restructure our operations to comply with future changes in government regulation; the outcome of government investigations of certain of our business practices; our ability to comply with the terms of our settlement agreements with the government; our ability to generate cash flow to service our substantial debt obligations; and risks related to other factors discussed in this Quarterly Report on Form 10-Q and in the 2015 Form 10-K.

Words such as "anticipates," "believes," "continues," "estimates," "expects," "goal," "objectives," "intends," "may," "opportunity," "plans," "potential," "near-term," "long-term," "projections," "assumptions," "projects," "guidance," "forecasts," "outlook," "target," "trends," "should," "could," "would," "will" and similar expressions are intended to identify such forward-looking statements. We qualify any forward-looking statements entirely by these cautionary factors.

Healthcare Reform

As currently enacted the Patient Protection and Affordable Care Act (the "PPACA") changes how health care services are delivered and reimbursed, and increases access to health insurance benefits to the uninsured and underinsured population in the United States. On June 28, 2012, the U.S. Supreme Court upheld the constitutionality of the individual mandate provisions of the PPACA, but struck down the provisions that would have allowed the Department of Health and Human Services ("HHS") to penalize states that do not implement Medicaid expansion provisions through the loss of existing federal Medicaid funding.

Most of the provisions of the PPACA that seek to decrease the number of uninsured became effective January 1, 2014. Based on the government's February 2014 projection, by 2022, the PPACA will expand coverage to 25 million additional individuals. This increased coverage will occur through a combination of public program expansion and private sector health insurance and other reforms. The employer mandate, which requires firms with 100 or more full-time employees to offer health insurance or pay fines, became effective on January 1, 2015.

A number of states have opted out of the Medicaid expansion, but these states could choose to implement the expansion at a later date. It is unclear how many states will ultimately decline to implement the Medicaid expansion provisions of the law. At this point, we cannot quantify or predict with any certainty the likely impact of the PPACA on our business model, financial condition or results of operations.

Company Overview

We are a leading provider of physician-led, medical services in the United States with more than 49,000 employees and affiliated clinicians. We market our services on a stand-alone, multi-service and integrated basis, primarily under our EmCare and AMR brands. EmCare is a leading provider of integrated facility-based physician services, including emergency, anesthesiology, hospitalist/inpatient care, radiology, tele-radiology and surgery. EmCare also offers physician-led care management solutions outside the hospital. AMR is a leading provider and manager of community-based healthcare transportation services, including emergency ("911"), non-emergency, managed transportation, fire protection services, fixed-wing ambulance and disaster response.

Key Factors and Measures We Use to Evaluate Our Business

The key factors and measures we use to evaluate our business focus on the number of patients we treat and transport and the costs we incur to provide the necessary care and transportation for each of our patients.

We evaluate our revenue net of provisions for contractual payor discounts and provisions for uncompensated care. Medicaid, Medicare and certain other payors receive discounts from our standard charges, which we refer to as contractual discounts. In addition, individuals we treat and transport may be personally responsible for a deductible or co-pay under their third party payor coverage, and most of our contracts require us to treat and transport patients who have no insurance or other third party payor coverage. Due to the uncertainty regarding collectability of charges associated with services we provide to these patients, which we refer to as uncompensated care, our net revenue recognition is based on expected cash collections. Our net revenue represents gross billings after provisions for contractual discounts and estimated uncompensated care. Provisions for contractual discounts and uncompensated care have increased historically primarily as a result of increases in gross billing rates without corresponding increases in payor reimbursement.

The table below summarizes our approximate payor mix as a percentage of both net revenue and total transports and patient encounters. In determining the net revenue payor mix, we use cash collections in the period as an approximation of net revenue recorded. With the expansion of the Medicaid program in certain states, we expect cash collections related to the Medicaid payor class to continue to increase over time as those collections are received. Presented below is our quarterly payor mix as a percentage of cash collections (net revenue) for 2015, which gives effect to currently available information for certain prior year acquisitions.

	Percentage of Cash Collections (Net Revenue)				
	For the quarter ended				
	2016	2015			
	March 31,	December 31,	September 30,	June 30,	March 31,
Medicare	24.5 %	24.7 %	25.3 %	25.2 %	25.4 %
Medicaid	9.7	9.7	9.0	8.7	9.0
Commercial insurance and managed care	41.7	42.9	44.3	45.8	44.7
Self-pay	2.5	2.4	2.2	2.4	2.5
Fees	12.8	11.3	9.8	9.4	9.0
Subsidies	8.8	9.0	9.4	8.5	9.4
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

	Percentage of Total Volume				
	For the quarter ended				
	2016	2015			
	March 31,	December 31,	September 30,	June 30,	March 31,
Medicare	33.1 %	31.4 %	31.1 %	31.8 %	31.8 %
Medicaid	25.2	25.2	23.9	24.8	24.3
Commercial insurance and managed care	27.5	28.9	30.3	29.1	29.2
Self-pay	14.2	14.5	14.7	14.3	14.7
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

As illustrated above, Commercial insurance and managed care, which excludes Medicare and Medicaid managed care, has consistently represented our largest payor group based on net revenue. Separately, given the emergency nature of many of our services, self-pay (primarily uninsured patients) has represented approximately 14% to 15% of our total patient volume, but is only 2% to 3% of our total cash collections.

EmCare

Of EmCare's net revenue for the three months ended March 31, 2016, approximately 65% was derived from our hospital contracts for emergency department staffing, 12% from our hospitalist/inpatient services, 11% from our post-acute care services, 6% from contracts related to anesthesiology services, 4% from our locum tenens services, 1% from our radiology/tele-radiology services, 1% from our surgery services, and less than 1% from other hospital management services. Approximately 79% of EmCare's net revenue was generated from billings to third-party payors and patients for patient encounters and approximately 21% was generated from billings to hospitals and affiliated physician groups for professional services. EmCare's key net revenue measures are:

- *Patient encounters.* We utilize patient encounters to evaluate net revenue and as the basis by which we measure certain costs of the business. We segregate patient encounters into four main categories—ED visits, hospitalist encounters, radiology reads, and anesthesiology cases—due to the differences in reimbursement rates for and associated costs of providing the various services. As a result of these differences, in certain analyses we weight our patient encounter numbers according to category in an effort to better measure net revenue and costs. In calculating "weighted patient encounters", each radiology read and anesthesiology case is not counted as a full patient encounter as we apply a discount factor to reflect differences in reimbursement rates for and associated costs of providing such services.
- *Number of contracts.* This reflects the number of contractual relationships we have for ED staffing, anesthesiology, hospitalist/inpatient, radiology, tele-radiology, surgery and other hospital management services. We analyze the change in our number of contracts from period to period based on "net new contracts," which is the difference between total new contracts and contracts that have terminated.

- *Revenue per patient encounter.* This reflects the expected net revenue for each patient encounter based on gross billings less all estimated provisions for contractual discounts and uncompensated care. Net revenue per patient encounter also includes net revenue from billings to third party payors and hospitals.

The change from period to period in the number of patient encounters under our "same store" contracts is influenced by general conditions affecting community health, as well as hospital-specific elements, many of which are beyond our direct control. The general conditions include: (i) the timing, location and severity of influenza, allergens and other annually recurring viruses and (ii) severe weather that affects a region's health status and/or infrastructure. Hospital specific elements include the timing and extent of facility renovations, hospital staffing issues and regulations that affect patient flow through the hospital.

The costs incurred in our EmCare business segment consist primarily of compensation and benefits for physicians and other professional providers, professional liability costs, and contract and other support costs. EmCare's key cost measures include:

- *Provider compensation per hour of coverage.* Provider compensation per hour of coverage includes all compensation and benefit costs for all professional providers, including physicians, physician assistants and nurse practitioners, during each patient encounter. Providers include all full-time, part-time and independently contracted providers. Analyzing provider compensation per hour of coverage enables us to monitor our most significant cost in performing services under our contracts.

- *Professional liability costs.* These costs include provisions for estimated losses for actual claims, and claims likely to be incurred in the period, based on our past loss experience and actuarial analysis provided by a third party, as well as actual direct costs, including investigation and defense costs, claims payments, and other costs related to provider professional liability.

EmCare's business is not as capital intensive as AMR's and EmCare's depreciation expense relates primarily to charges for usage of computer hardware and software, and other technologies. Amortization expense relates primarily to intangibles recorded for customer relationships.

AMR

Approximately 80% of AMR's net revenue for the three months ended March 31, 2016, was transport revenue derived from the treatment and transportation of patients, including fixed-wing air ambulance services, based on billings to third party payors, healthcare facilities and patients. The balance of AMR's net revenue is derived from direct billings to communities and government agencies, including FEMA, for the provision of training, dispatch centers and other services. AMR's measures for transport net revenue include:

- *Transports.* We utilize transport data, including the number and types of transports, to evaluate net revenue and to measure certain costs of the business. Excluded from our transport data are transports which are brokered through our managed transportation business. We segregate transports into two main categories—ambulance transports (including emergency, as well as non-emergency, critical care and other inter-facility transports) and wheelchair transports—due to the differences in reimbursement and the associated costs of providing ambulance and wheelchair transports. As a result of these differences, in certain analyses we weight our transport numbers by category in an effort to better measure net revenue and costs. In calculating "weighted transports", each wheelchair transport is not counted as a full transport, as we apply a discount factor to reflect differences in reimbursement rates for and associated costs of providing such services.

- *Net revenue per transport.* Net revenue per transport reflects the expected net revenue for each transport based on gross billings less provisions for contractual discounts and estimated uncompensated care. In order to better understand the trends across service lines and in our transport rates, we analyze our net revenue per transport based on weighted transports to reflect the differences in our transportation mix.

The change from period to period in the number of transports and net revenue per transport is influenced by changes in transports in existing markets from both new and existing facilities we serve for non-emergency transports, and the effects of general community conditions affecting the need for emergency transports. The general community conditions may include: (i) the timing, location and severity of influenza, allergens and other annually recurring viruses; (ii) severe weather that affects a region's health status and/or infrastructure; and (iii) community-specific demographic changes.

The costs we incur in our AMR business segment consist primarily of compensation and benefits for ambulance crews and support personnel, direct and indirect operating costs to provide transportation services, and costs related to accident and insurance claims. AMR's key cost measures include:

- *Unit hours and cost per unit hour.* Our measurement of a unit hour is based on a fully staffed ambulance or wheelchair van for one operating hour. We use unit hours and cost per unit hour to measure compensation-related costs and the efficiency of our deployed resources. We monitor unit hours and cost per unit hour on a combined basis, as well as on a segregated basis between ambulance and wheelchair transports.

- *Operating costs per transport.* Operating costs per transport is comprised of certain direct operating costs, including vehicle operating costs, medical supplies and other transport-related costs, but excluding compensation-related costs. Monitoring operating costs per transport allows us to better evaluate cost trends and operating practices of our regional and local management teams.

- *Accident and insurance claims.* We monitor the number and magnitude of all accident and insurance claims in order to measure the effectiveness of our risk management programs. Depending on the type of claim (workers compensation, auto, general or professional liability), we monitor our performance by utilizing various bases of measurement, such as net revenue, miles driven, number of vehicles operated, compensation dollars, and number of transports.

We have focused our risk mitigation efforts on employee training for proper patient handling techniques, development of clinical and medical equipment protocols, driving safety, implementation of equipment to reduce lifting injuries and other risk mitigation processes.

AMR's business requires various investments in long-term assets and depreciation expense relates primarily to charges for usage of these assets, including vehicles, computer hardware and software, medical equipment, and other technologies. Amortization expense relates primarily to intangibles recorded for customer relationships.

Factors Affecting Operating Results

Healthcare Reform

The Patient Protection and Affordable Care Act, (the "PPACA"), contains a number of provisions that could materially impact our operating results in the coming years. The PPACA increased access to health insurance benefits for the uninsured and underinsured populations in the United States. Specifically, the PPACA increased the number of individuals with Medicaid eligibility, established health insurance exchanges to facilitate private insurance coverage, implemented reimbursement policies that tie payment to quality, and facilitated the creation of organizations that may use capitation and other alternative payment methodologies.

Rate Changes by Other Government Sponsored Programs

Medicare reimburses us for ambulance services based on its national fee schedule for payment of ambulance transport services. While additional ambulance fee schedule reductions were scheduled to go into effect in 2014, congressional action prevented further reductions until January 1, 2018. Additionally, congressional action has extended Medicare ambulance add-on payments, supplemental payments based on the point of pickup, until April 1, 2018. Reductions in the ambulance service rate under the national ambulance fee schedule have adversely impacted AMR's net revenues in prior years. We cannot predict whether Congress may make further refinements and technical corrections to the law or pass a new cost containment statute in a manner and in a form that could adversely impact our business.

Although we have previously been able to substantially mitigate the impact of previous reductions in AMR's rate changes through additional fee and subsidy increases, we may not be able to do so in the future.

Medicare reimburses us for physician services provided to Medicare beneficiaries based upon reimbursement rates in the Medicare Physician Fee Schedule ("MPFS"). For 2016, all payment rates under the MPFS will be 0.29% less than 2015 payment rates. The Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA"), provides for 0.5% annual increases in the MPFS through 2019, which will be offset by a 0.77% expenditure savings reduction and 0.02% budget neutrality decrease. Starting in 2020, through the end of 2025, there will be no annual increases to the payment rates, but physicians will have the opportunity to receive additional payment adjustments through an incentive-based payment program that rewards quality performance based on clinical and other assessment criteria.

Federal deficit reduction initiatives have resulted in lower levels of Medicare spending and decreased reimbursements rates since 2011. The Budget Control Act of 2011, as amended by the American Taxpayer Relief Act of 2012, sets forth across-the-board cuts ("sequestrations") to Medicare reimbursement rates, which began in April 2013. These annual reductions of 2%, on average, apply to mandatory and discretionary spending and have been extended through 2025. Unless Congress takes action in the future to modify these sequestrations, Medicare reimbursements will continue to be reduced by 2%, on average, annually.

The regulations implementing PPACA increased Medicaid payments for specified primary care services in both the fee for service and managed care settings to Medicare levels for certain primary care physicians in 2013 and 2014. Federal funding for the enhanced Medicaid payments expired on December 31, 2014, and was not reauthorized, which adversely impacted our 2015 operating results.

Changes in Net New Contracts

Our operating results are affected directly by the number of net new contracts we have in a period, reflecting the effects of both new contracts and contract expirations. We regularly bid for new contracts, frequently in a formal competitive bidding process that often requires written responses to a request for proposal ("RFP"), and, in any fiscal period, certain of our contracts will expire. We may elect not to seek extension or renewal of a contract if we determine that we cannot do so on favorable terms. With respect to expiring contracts we would like to renew, we may be required to seek renewal through RFP, and we may not be successful in retaining any such contracts, or retaining them on terms that are as favorable as present terms.

Inflation and Fuel Costs

Certain of our expenses, such as wages and benefits, insurance, fuel and equipment repair and maintenance costs, are subject to normal inflationary pressures. Fuel expense represented 6.8% and 7.9% of AMR's operating expenses for the three months ended March 31, 2016, and 2015, respectively. Although we have generally been able to offset inflationary cost increases through increased operating efficiencies and successful negotiation of fees and subsidies, we can provide no assurance that we will be able to offset any future inflationary cost increases through similar efficiencies and fee changes.

Critical Accounting Policies

For a discussion of accounting policies that we consider critical to our business operations and the understanding of our results of operations that affect the more significant judgments and estimates used in the preparation of our unaudited consolidated financial statements, please refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies" contained in the Company's 2015 Form 10-K. As of March 31, 2016, there were no significant changes in our critical accounting policies or estimation procedures.

Non-GAAP Measures

Adjusted EBITDA is defined as net income (loss) before equity in earnings of unconsolidated subsidiary, income tax benefit (expense), loss on early debt extinguishment, other income (expense), net, realized gains (losses) on investments, interest expense, net, equity-based compensation expense, transaction costs related to acquisition activity, related party management fees, restructuring and other charges, severance and related costs, adjustment to net (income) loss attributable to noncontrolling interest due to deferred taxes, and depreciation and amortization expense. Adjusted EBITDA is commonly used by management and investors as a performance measure. Adjusted EBITDA is not considered a measure of financial performance under GAAP and the items excluded from Adjusted EBITDA are significant components in understanding and assessing our financial performance. Adjusted EBITDA should not be considered in isolation or as an alternative to such GAAP measures as net income, cash flows provided by or used in operating, investing or financing activities or other financial statement data presented in our financial statements as an indicator of financial performance. Since Adjusted EBITDA is not a measure determined in accordance with GAAP and is susceptible to varying calculations, Adjusted EBITDA, as presented, may not be comparable to other similarly titled measures of other companies.

The Company's reportable operating segment results were as follows (in thousands):

	Three Months Ended March 31,	
	2016	**2015**
Facility-Based and Post-Acute Care Physician Services		
Net revenue	$1,012,848	$ 825,108
Income from operations	58,981	52,175
Adjusted EBITDA	87,328	77,095
Healthcare Transportation Services		
Net revenue	$ 584,698	$ 419,394
Income from operations	28,528	31,088
Adjusted EBITDA	64,260	51,771
Segment Totals		
Net revenue	$1,597,546	$1,244,502
Income from operations	87,509	83,263
Adjusted EBITDA	151,588	128,866

A reconciliation of net income (loss) to Adjusted EBITDA (in thousands):

	Three Months Ended March 31,	
	2016	**2015**
Net income (loss)	$ 30,466	$ 33,930
Add-back of non-operating expense (income):		
Interest expense, net	38,883	26,687
Income tax expense (benefit)	19,392	22,516
Realized losses (gains) on investments	(15)	—
Interest income from restricted assets	(363)	(130)
Equity in earnings of unconsolidated subsidiary	(132)	(72)
Other expense (income), net	(722)	332
Income from operations — segment totals	87,509	83,263
Add-back of operating expense (income):		
Depreciation and amortization expense	57,433	39,881
Restructuring and other charges	106	—
Severance and related costs	1,822	1,694
Net (income) loss attributable to noncontrolling interest	(3,616)	(555)
Interest income from restricted assets	363	130
Equity-based compensation expense	2,285	1,353
Transaction costs	5,686	3,100
Adjusted EBITDA	$151,588	$128,866

Facility-Based and Post-Acute Care Physician Services	Three Months Ended March 31, 2016	2015
Adjusted EBITDA	$ 87,328	$ 77,095
Depreciation and amortization expense	(26,991)	(20,529)
Restructuring and other charges	(106)	—
Severance and related costs	(603)	(1,224)
Net (income) loss attributable to noncontrolling interest	3,616	555
Interest income from restricted assets	(252)	(19)
Equity-based compensation expense	(1,097)	(609)
Transaction costs	(2,914)	(3,094)
Income from operations	$ 58,981	$ 52,175

Healthcare Transportation Services	Three Months Ended March 31, 2016	2015
Adjusted EBITDA	$ 64,260	$ 51,771
Depreciation and amortization expense	(30,442)	(19,352)
Severance and related costs	(1,219)	(470)
Interest income from restricted assets	(111)	(111)
Equity-based compensation expense	(1,188)	(744)
Transaction costs	(2,772)	(6)
Income from operations	$ 28,528	$ 31,088

Results of Operations

The following tables present a comparison of financial data from our unaudited consolidated statements of operations for the three months ended March 31, 2016 and 2015 for the Company and our two reportable operating segments.

Consolidated Results of Operations and as a Percentage of Net Revenue
(dollars in thousands, unaudited)

	Three Months Ended March 31,			
	2016	**% of net revenue**	**2015**	**% of net revenue**
Net revenue	$1,597,546	100.0 %	$1,244,502	100.0 %
Compensation and benefits	1,123,873	70.3	907,657	72.9
Operating expenses	253,215	15.9	151,726	12.2
Insurance expense	37,420	2.3	35,526	2.9
Selling, general and administrative expenses	37,990	2.4	26,449	2.1
Depreciation and amortization expense	57,433	3.6	39,881	3.2
Restructuring and other charges	106	0.0	—	—
Income from operations	87,509	5.5	83,263	6.7
Interest income from restricted assets	363	0.0	130	0.0
Interest expense, net	(38,883)	(2.4)	(26,687)	(2.2)
Realized gains (losses) on investments	15	0.0	—	—
Other income (expense), net	722	0.0	(332)	(0.0)
Income (loss) before income taxes and equity in earnings of unconsolidated subsidiary	49,726	3.1	56,374	4.5
Income tax benefit (expense)	(19,392)	(1.2)	(22,516)	(1.8)
Income (loss) before equity in earnings of unconsolidated subsidiary	30,334	1.9	33,858	2.7
Equity in earnings of unconsolidated subsidiary	132	0.0	72	0.0
Net income (loss)	30,466	1.9	33,930	2.7
Less: Net (income) loss attributable to noncontrolling interest	(3,616)	(0.2)	(555)	(0.0)
Net income (loss) attributable to Envision Healthcare Holdings, Inc.	$ 26,850	1.7 %	$ 33,375	2.7 %

Segment Results of Operations and as a Percentage of Net Revenue
(in thousands, unaudited)
EmCare

	Three Months Ended March 31,			
	2016	% of net revenue	2015	% of net revenue
Net revenue	$1,012,848	100.0 %	$825,108	100.0 %
Compensation and benefits	789,664	78.0	676,301	82.0
Operating expenses	93,344	9.2	38,006	4.6
Insurance expense	22,484	2.2	23,341	2.8
Selling, general and administrative expenses	21,278	2.1	14,756	1.8
Depreciation and amortization expense	26,991	2.7	20,529	2.5
Restructuring and other charges	106	0.0	—	—
Income from operations	$ 58,981	5.8 %	$ 52,175	6.3 %

Segment Results of Operations and as a Percentage of Net Revenue
(in thousands, unaudited)
AMR

	Three Months Ended March 31,			
	2016	% of net revenue	2015	% of net revenue
Net revenue	$584,698	100.0 %	$419,394	100.0 %
Compensation and benefits	334,209	57.2	231,356	55.2
Operating expenses	159,871	27.3	113,720	27.1
Insurance expense	14,936	2.5	12,185	2.9
Selling, general and administrative expenses	16,712	2.9	11,693	2.8
Depreciation and amortization expense	30,442	5.2	19,352	4.6
Restructuring and other charges	—	—	—	—
Income from operations	$ 28,528	4.9 %	$ 31,088	7.4 %

Three months ended March 31, 2016, compared to the Three months ended March 31, 2015

Consolidated

Our results for the three months ended March 31, 2016, reflect an increase in net revenue of $353.0 million and a decrease in net income of $3.5 million compared to the three months ended March 31, 2015. The decrease in net income was attributable primarily to acquisition related depreciation and amortization expense, as well as interest expense on the additional $1.0 billion of term loans borrowed during the fourth quarter of 2015.

Net revenue. For the three months ended March 31, 2016, we generated net revenue of $1,597.5 million compared to $1,244.5 million for the three months ended March 31, 2015, an increase of 28.4%. The increase was attributable primarily to higher volume from net new contracts and acquisitions, combined with volume growth at existing contracts, partially offset by the impact of markets exited.

Adjusted EBITDA. For the three months ended March 31, 2016, Adjusted EBITDA was $151.6 million, or 9.5% of net revenue, compared to $128.9 million, or 10.4% of net revenue, for the three months ended March 31, 2015. Adjusted EBITDA margin was primarily impacted by the start of the population health management contract at Evolution Health and the completion of the acquisition of Rural/ Metro, both of which occurred during the fourth quarter of 2015.

Interest expense, net. For the three months ended March 31, 2016, interest expense was $38.9 million compared to $26.7 million for the three months ended March 31, 2015. The increase was primarily attributable to the $1.0 billion of term loans borrowed during the fourth quarter of 2015.

Other income (expense), net. For the three months ended March 31, 2016, other income (expense), net was $0.7 million of income compared to $0.3 million of expense for the three months ended March 31, 2015.

Income tax benefit (expense). For the three months ended March 31, 2016, income tax expense was $19.4 million compared to income tax expense of $22.5 million for the three months ended March 31, 2015. Our effective tax rate was 39.0% and 39.9% for the three months ended March 31, 2016 and 2015, respectively.

EmCare

Net revenue. For the three months ended March 31, 2016, EmCare generated net revenue of $1,012.8 million compared to $825.1 million for the three months ended March 31, 2015, an increase of $187.7 million, or 22.8%. The increase was due to acquisition growth, net revenue growth at existing contracts, and a higher number of patient encounters from net new contracts. Net new contracts since March 31, 2015 accounted for a net revenue increase of $24.2 million for the three months ended March 31, 2016, of which $17.9 million came from net new contracts added in 2015, with the remaining increase in net revenue from those added in 2016. Net revenue under our same store contracts (contracts in existence for the entirety of both periods) increased $43.1 million, or 6.8%, for the three months ended March 31, 2016. The change was due to a 6.9% increase in same store weighted patient encounters, offset by a 0.1% decrease in revenue per weighted patient encounter. Revenue from recent acquisitions increased $120.4 million during the three months ended March 31, 2016.

Compensation and benefits. For the three months ended March 31, 2016, compensation and benefits costs were $789.7 million, or 78.0% of net revenue, compared to $676.3 million, or 82.0% of net revenue, for the three months ended March 31, 2015. Provider compensation costs increased $45.8 million from net new contract additions and acquisitions and $20.5 million from same store contracts. Non-provider compensation and total benefits costs increased by $47.1 million for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 due primarily to costs from acquisition growth.

Operating expenses. For the three months ended March 31, 2016, operating expenses were $93.3 million, or 9.2% of net revenue, compared to $38.0 million, or 4.6% of net revenue, for the three months ended March 31, 2015. The increase was due primarily to operating expenses from the population health management contract at Evolution Health, which commenced in the fourth quarter of 2015.

Insurance expense. For the three months ended March 31, 2016, professional liability insurance expense was $22.5 million, or 2.2% of net revenue, compared to $23.3 million, or 2.8% of net revenue, for the three months ended March 31, 2015. We recorded a decrease of prior year insurance provisions of $0.1 million during the three months ended March 31, 2016 compared to an increase of $2.3 million for the three months ended March 31, 2015.

Selling, general and administrative. For the three months ended March 31, 2016, selling, general, and administrative expense was $21.3 million, or 2.1% of net revenue, compared to $14.8 million, or 1.8% of net revenue, for the three months ended March 31, 2015. The increase was due primarily to net new contract additions and acquisitions.

Depreciation and amortization. For the three months ended March 31, 2016, depreciation and amortization expense was $27.0 million, or 2.7% of net revenue, compared to $20.5 million, or 2.5% of net revenue, for the three months ended March 31, 2015. The increase was due to amortization of acquired intangible assets.

AMR

Net revenue. For the three months ended March 31, 2016, AMR generated net revenue of $584.7 million compared to $419.4 million for the three months ended March 31, 2015, representing an increase of $165.3 million, or 39.4%. The increase in net revenue was due primarily to an increase in weighted transport volume of 43.7%, or $183.4 million, which primarily resulted from recent acquisitions and our entry into new markets, offset by a decrease of 4.3%, or $18.1 million, in net revenue per weighted transport. Weighted transports increased 360,500 from the period last year. The change was due to an increase of 333,400 weighted transports from recent acquisitions and our entry into new markets and an increase of 4.5%, or 36,500 weighted transports, in existing markets, offset by a decrease of 9,400 weighted transports from exited markets.

Compensation and benefits. For the three months ended March 31, 2016, compensation and benefits costs were $334.2 million, or 57.2% of net revenue, compared to $231.4 million, or 55.2% of net revenue, for the three months ended March 31, 2015. The increase in expense was primarily due to additional compensation and benefits costs from recent acquisitions and new markets. Ambulance crew wages per ambulance unit hour increased by approximately 1.5%, equating to a total increase of $3.0 million, and ambulance unit hours increased period over period by 46.1%, or $61.8 million. Non-crew compensation increased period over period by $19.0 million primarily due to increased costs from recent acquisitions. Total benefits related costs increased $18.5 million for the three months ended March 31, 2016, compared to the three months ended March 31, 2015, due primarily to the impact from markets entered and recent acquisitions. Other compensation costs increased $0.5 million for the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Operating expenses. For the three months ended March 31, 2016, operating expenses were $159.9 million, or 27.3% of net revenue, compared to $113.7 million, or 27.1% of net revenue, for the three months ended March 31, 2015. The change was due primarily to increased costs of $38.7 million associated with recent acquisitions and net new markets, increased costs of $2.1 million associated with our existing managed transportation business, increased transaction costs of $3.4 million and increased other miscellaneous net operating costs of $2.0 million.

Insurance expense. For the three months ended March 31, 2016, insurance expense was $14.9 million, or 2.5% of net revenue, compared to $12.2 million, or 2.9% of net revenue, for the three months ended March 31, 2015. We recorded an increase of prior year insurance provisions of $1.0 million during the three months ended March 31, 2016 compared to an increase of $0.3 million during the three months ended March 31, 2015.

Selling, general and administrative. For the three months ended March 31, 2016, selling, general, and administrative expense was $16.7 million, or 2.9% of net revenue, compared to $11.7 million, or 2.8% of net revenue, for the three months ended March 31, 2015. The increase was primarily due to additional costs from our entry into new markets and recent acquisitions.

Depreciation and amortization. For the three months ended March 31, 2016, depreciation and amortization expense was $30.4 million, or 5.2% of net revenue, compared to $19.4 million, or 4.6% of net revenue, for the three months ended March 31, 2016. The increase was primarily due to recent acquisitions.

Liquidity and Capital Resources

Our primary source of liquidity is cash flows provided by the operating activities of our subsidiaries. The Company and its subsidiaries also have the ability to use the ABL Facility, described below, to supplement cash flows provided by our operating activities for strategic or operating reasons. Our liquidity needs are primarily to service long-term debt and to fund working capital requirements, to fund acquisitions, capital expenditures related to the acquisition of vehicles and medical equipment, technology-related assets and insurance-related deposits.

As of March 31, 2016, we had total indebtedness, including capital leases, of $3,023.5 million, including $750.0 million of the 2022 Notes, $2,270.4 million of borrowings under the Term Loan Facility, and approximately $3.1 million of other long-term indebtedness. As of March 31, 2016, there were no borrowings outstanding under our ABL Facility, which provides for up to $550 million of senior secured first priority borrowings.

On October 21, 2015, the Company's board of directors authorized a share repurchase program of up to $500 million of the Company's common stock. Purchases under the share repurchase program may be made through open market purchases, privately negotiated transactions, or Rule 10b5-1 trading plans, subject to market conditions and other factors including compliance with the Company's debt covenants, including limitations on our ability to make restricted payments. The Company may elect not to purchase the maximum amount of shares allowable under this program. The Company expects to fund its repurchase program from operating cash flows and new borrowings as needed. The timing of share repurchases depends upon marketplace conditions and other factors. The share repurchase authorization has no expiration. As of March 31, 2016, the Company had not repurchased any shares under its share repurchase program.

Based on our current assumptions, we believe that our cash and cash equivalents, cash provided by our operating activities and amounts available under our senior secured credit facilities will be adequate to meet the liquidity requirements of our business through at least the next 12 months. If our assumptions prove to be incorrect, if there are other factors that adversely affect our cash position or cash flows, or if we make substantial acquisitions in the future, we may need to seek additional funds through financing activities.

Term Loan Facility

We have made the following borrowings under the Term Loan Facility: (i) the $1.44 billion initial term loan borrowing on May 25, 2011, (the "Initial Term Loan Borrowing"), (ii) the $150 million incremental term loan borrowing on February 7, 2013, (the "2013 Incremental Borrowing"), and (iii) the $635 million and $365 million Tranche B-2 borrowings on October 28, 2015 and November 12, 2015, respectively (collectively, the "2015 Borrowings"). Currently, the Initial Term Loan and the 2013 Incremental Borrowings bear interest at LIBOR plus an applicable margin of 3.25% and the 2015 Borrowings bear interest at LIBOR plus an applicable margin of 3.50%, in each case subject to a LIBOR floor of 100 basis points, as described below.

On February 7, 2013, Corporation, the borrower under the Term Loan Facility, entered into a First Amendment (the "Term Loan Amendment") to the credit agreement governing the Term Loan Facility (as amended, the "Term Loan Credit Agreement"). Under the Term Loan Amendment, Corporation incurred the 2013 Incremental Borrowing under the Term Loan Facility, the proceeds of which were used to pay down the ABL Facility. In addition, the rate at which the loans under the Term Loan Credit Agreement bear interest was amended to equal (i) the higher of (x) LIBOR and (y) 1.00%, plus, in each case, 3.00% (with a step-down to 2.75% in the event that we meet a consolidated first lien net leverage ratio of 2.50:1.00), or (ii) the alternate base rate, which will be the highest of (w) the corporate base rate established by the administrative agent from time to time, (x) 0.50% in excess of the overnight federal funds rate, (y) the one-month LIBOR (adjusted for maximum reserves) plus 1.00% and (z) 2.00%, plus, in each case, 2.00% (with a step-down to 1.75% in the event that Corporation meets a consolidated first lien net leverage ratio of 2.50:1.00). If the effective yield applicable to any new incremental term loans issued under the Term Loan Facility (the "Incremental Term Loans") exceeds the effective yield on the term loans outstanding prior to the incremental borrowing (the "Initial Term Loans") by more than 50 basis points, giving effect to original issue discount, if any, the interest rate on the Initial Term Loans will increase to within 50 basis points of the interest rate on the Incremental Term Loans, and in such case, the applicable margin step-down will no longer apply.

On October 28, 2015, Corporation borrowed $635 million of Tranche B-2 incremental term loans (the "Initial October 2022 Tranche B-2 Term Loans") under the Term Loan Facility, pursuant to a Second Amendment to Credit Agreement (the "Second Amendment") among Corporation, the incremental term loan lenders party thereto, Deutsche Bank AG New York Branch, as administrative agent and collateral agent (the "Administrative Agent") and each of the other parties thereto. The Initial October 2022 Tranche B-2 Term Loans were issued with 50 basis points of original issue discount and the proceeds were used to fund the Company's acquisition of Rural/Metro.

On November 12, 2015, Corporation borrowed an additional $365 million of Tranche B-2 incremental term loans (the "Additional October 2022 Tranche B-2 Term Loans," and together with the Initial October 2022 Tranche B-2 Term Loans, the "Tranche B-2 Term Loans"). The Additional October 2022 Tranche B-2 Term Loans were issued with 100 basis points of original issue discount, and were used to repay outstanding ABL revolving credit facility borrowings, to pay related fees and expenses and for general corporate purposes. All of the Tranche B-2 Term Loans mature on October 28, 2022 and bear interest at LIBOR plus an applicable margin of 3.50%, subject to a 100 basis point LIBOR floor. While the Initial October 2022 Tranche B-2 Term Loans initially bore interest at a rate of LIBOR plus an applicable margin of 3.25% under the terms of the Second Amendment, on November 12, 2015, the applicable margin applicable to such loans was increased by 25 basis points pursuant to the Third Amendment to Credit Agreement among Corporation, the incremental term loan lenders party thereto, the Administrative Agent and each of the other parties thereto. All Tranche B-2 Term Loans were issued with six-month soft call protection, running from November 12, 2015, at 101% of the principal amount outstanding. All Tranche B-2 Term Loans otherwise have substantially the same terms as Corporation's term loans outstanding under the Term Loan Facility prior to November 12, 2015.

On November 12, 2015, Corporation's term loans outstanding prior to the borrowing of the Tranche B-2 Term Loans were subject to repricing under the terms of the Term Loan Credit Agreement and bear interest at a rate of LIBOR plus an applicable margin equal to 3.25%, which represents an increase of 25 basis points.

The credit agreement governing the Term Loan Facility contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants are limited to the following: limitations on the incurrence of debt, liens, fundamental changes, restrictions on subsidiary distributions, transactions with affiliates, further negative pledge, asset sales, restricted payments, including repurchases of our capital stock, investments and acquisitions, repayment of certain junior debt (including the senior notes) or amendments of junior debt documents related thereto and line of business. The negative covenants are subject to the customary exceptions.

ABL Facility

Corporation's ABL Facility provides for up to $550 million of senior secured first priority borrowings, subject to a borrowing base of $550 million as of December 31, 2015. The ABL Facility is available to fund working capital and for general corporate purposes. As of March 31, 2016, we had available borrowing capacity of $400.2 million and $149.8 million of letters of credit issued, which impact the available credit under the ABL Facility.

Loans borrowed under the ABL Credit Agreement bear interest at a rate of (i) LIBOR plus, (x) 2.00% in the event that average daily excess availability is less than or equal to 33% of availability, (y) 1.75% in the event that average daily excess availability is greater than 33% but less than or equal to 66% of availability and (z) 1.50% in the event that average daily excess availability is greater than 66% of availability, or (ii) the alternate base rate, which will be the highest of (x) the corporate base rate established by the administrative agent from time to time, (y) 0.50% in excess of the overnight federal funds rate and (z) the one-month LIBOR (adjusted for maximum reserves) plus 1.00% plus, in each case, (A) 1.00% in the event that average daily excess availability is less than or equal to 33% of availability, (B) 0.75% in the event that average daily excess availability is greater than 33% but less than or equal to 66% of availability and (C) 0.50% in the event that average daily excess availability is greater than 66% of availability. The ABL Facility bears a commitment fee that ranges from 0.500% to 0.375%, payable quarterly in arrears, based on the utilization of the ABL Facility. The ABL Facility also bears customary letter of credit fees. On February 6, 2015, Corporation entered into a Second Amendment to the ABL Credit Agreement, under which certain lenders under the ABL Facility increased the commitments available to Corporation under the ABL Facility to $550 million.

While the ABL Facility generally does not contain financial maintenance covenants, a springing fixed charge coverage ratio of not less than 1.0 to 1.0 will be tested if our excess availability (as defined in the credit agreement governing the ABL Facility) falls below specified thresholds at any time. If we require additional financing to meet cyclical increases in working capital needs, to fund acquisitions or unanticipated capital expenditures, we may need to access the financial markets.

The credit agreements governing the ABL Facility and the Term Loan Facility contain significant covenants, including prohibitions on our ability to incur certain additional indebtedness, to make certain investments and to make certain restricted payments, including share repurchases and dividends.

The credit agreement governing the ABL Facility contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants are limited to the following: limitations on indebtedness, dividends and distributions, investments, acquisitions, prepayments or redemptions of junior indebtedness, amendments of junior indebtedness, transactions with affiliates, asset sales, mergers, consolidations and sales of all or substantially all assets, liens, negative pledge clauses, changes in fiscal periods, changes in line of business and hedging transactions. The negative covenants are subject to the customary exceptions and also permit the payment of dividends and distributions, repurchases of our capital stock, investments, permitted acquisitions and payments or redemptions of junior indebtedness upon satisfaction of a “payment condition.” The payment condition is deemed satisfied upon 30-day average excess availability exceeding agreed upon thresholds and, in certain cases, the absence of specified events of default and compliance with a fixed charge coverage ratio of 1.0 to 1.0.

2022 Notes

The 2022 Notes have a fixed interest rate of 5.125%, payable semi-annually on January 1 and July 1 with the principal due at maturity on July 1, 2022. The 2022 Notes are general unsecured obligations of Corporation and are guaranteed by each of Corporation’s domestic subsidiaries, except for any of Corporation’s subsidiaries subject to regulation as an insurance company, including Corporation’s captive insurance subsidiary.

Corporation may redeem the 2022 Notes, in whole or in part, at any time prior to July 1, 2017, at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, plus the applicable make-whole premium. Corporation may redeem the 2022 Notes, in whole or in part, at any time (i) on and after July 1, 2017 and prior to July 1, 2018, at a price equal to 103.844% of the principal amount of the 2022 Notes, (ii) on or after July 1, 2018, and prior to July 1, 2019, at a price equal to 102.563% of the principal amount of the 2022 Notes, (iii) on or after July 1, 2019, and prior to July 1, 2020, at a price equal to 101.281% of the principal amount of the 2022 Notes, and (iv) on or after July 1, 2020, at a price equal to 100.000% of the principal amount of the 2022 Notes, in each case, plus accrued and unpaid interest, if any, to the redemption date. In addition, at any time prior to July 1, 2017, Corporation at its option may redeem up to 40% of the aggregate principal amount of the 2022 Notes with the proceeds of certain equity offerings at a redemption price of 105.125%, plus accrued and unpaid interest, if any, to the applicable redemption date.

The indenture governing the 2022 Notes contains covenants that, among other things, limit the Company’s ability and the ability of its restricted subsidiaries to: incur additional indebtedness or issue certain preferred shares; pay dividends on, redeem or repurchase stock or make other distributions in respect of its capital stock; repurchase, prepay or redeem subordinated indebtedness; make investments; create restrictions on the ability of Corporation’s restricted subsidiaries to pay dividends to Corporation or make other intercompany transfers; create liens; transfer or sell assets; consolidate, merge or sell or otherwise dispose of all or substantially all of its assets; enter into certain transactions with affiliates; and designate subsidiaries as unrestricted subsidiaries. Upon the occurrence of certain events constituting a change of control, Corporation is required to make an offer to repurchase all of the 2022 Notes (unless otherwise redeemed) at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the repurchase date. If Corporation sells assets under certain circumstances, it must use the proceeds to make an offer to purchase the 2022 Notes at a price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

We may from time to time repurchase or otherwise retire or extend our debt or take other steps to reduce our debt or otherwise improve our financial position. These actions may include open market debt repurchases, negotiated repurchases, other retirements of outstanding debt, or opportunistic refinancing of debt. The amount of debt that may be repurchased or otherwise retired or refinanced, if any, will depend on market conditions, trading levels of our debt, our cash position, compliance with debt covenants and other considerations. Our affiliates may also purchase our debt from time to time, through open market purchases or other transactions. In such cases, our debt may not be retired, in which case we would continue to pay interest in accordance with the terms of the debt, and we would continue to reflect the debt as outstanding in our consolidated statements of financial position.

Cash Flow

The table below summarizes cash flow information derived from our consolidated statements of cash flows for the periods indicated, amounts in thousands.

	Three Months Ended March 31,	
	2016	**2015**
Net cash provided by (used in):		
Operating activities	$ 89,618	$ 45,315
Investing activities	(34,565)	(517,438)
Financing activities	(5,073)	246,103

Operating activities. Net cash provided by operating activities was $89.6 million for the three months ended March 31, 2016, compared to net cash provided by operating activities of $45.3 million for the three months ended March 31, 2015. The increase in net cash provided by operating activities was primarily a result of acquisition-related and organic growth, working capital improvement including better cash collections of our outstanding accounts receivable.

Accounts receivable increased $38.0 million and $56.2 million during the three months ended March 31, 2016, and 2015, respectively. Days sales outstanding ("DSO") decreased three days during the three months ended March 31, 2016.

We regularly analyze DSO, which is calculated by dividing our net revenue for the quarter by the number of days in the quarter, and dividing that result into net accounts receivable at the end of the period. DSO provides us with a gauge to measure receivables, revenue and collection activities.

The following table outlines our DSO by segment and in total, excluding the impact of acquisitions, completed within the specific quarter:

	Q1 2016	**Q4 2015**	**Q3 2015**	**Q2 2015**	**Q1 2015**	**Q4 2014**
EmCare	77	79	79	76	80	78
AMR	69	71	70	67	68	70
Company	74	77	76	73	76	75

Investing activities. Net cash used in investing activities was $34.6 million for the three months ended March 31, 2016, compared to $517.4 million for the three months ended March 31, 2015. The decrease was primarily related to the decrease in cash outflow for acquisitions of $491.6 million.

Financing activities. Net cash used in financing activities was $5.1 million for the three months ended March 31, 2016, compared to cash provided by financing activities of $246.1 million for the three months ended March 31, 2015. For the three months ended March 31, 2016, we made a $5.8 million payment on the Term Loan Facility.

For the three months ended March 31, 2015, we borrowed $285.0 million under our ABL Facility to fund acquisitions, offset by our partial repayment of $50.0 million. Additionally, we received $3.5 million in proceeds from the exercise of stock options.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary exposure to market risk consists of changes in fuel prices, changes in interest rates on certain of our borrowings, and changes in stock prices. While we have from time to time entered into transactions to mitigate our exposure to changes in fuel prices, we do not use these instruments for speculative or trading purposes.

We manage our exposure to changes in fuel prices and, as appropriate, use highly effective derivative instruments to manage well-defined risk exposures. As of March 31, 2016, we were party to a series of fuel hedge transactions with a major financial institution under one master agreement. Each of the transactions effectively fixes the cost of diesel fuel at prices ranging from $3.16 to $3.58 per gallon. We purchase the diesel fuel at the market rate and periodically settle with our counterparty for the difference between the national average price for the period published by the Department of Energy and the agreed upon fixed price. The transactions fix the price for a total of 1.9 million gallons during the periods hedged through December 2016.

As of March 31, 2016, we had $3,020.8 million of debt, excluding capital leases, of which $2,270.4 million was variable rate debt under our senior secured credit facilities and the balance was fixed rate debt. An increase or decrease in interest rates of 1.0%, above our LIBOR floor of 1.0%, will impact our interest costs by $22.7 million annually.

We are exposed to changes in stock prices primarily as a result of our holdings in publicly traded securities. We believe that changes in stock prices can be expected to vary as a result of general market conditions, specific industry changes, and other factors. As of March 31, 2016, the fair value of our available-for-sale securities was $40.9 million, inclusive of $19.1 million of equity securities collateralizing the Rural/ Metro pension plan. Had the market price of such securities been 10% lower as of March 31, 2016, the aggregate fair value of such securities would have been $3.9 million lower.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains systems of disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or furnishes under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, the Company’s management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of the Company’s management of the Company’s disclosure controls and procedures conducted as of the end of the period covered by this Quarterly Report on Form 10-Q, the Company’s principal executive officer and principal financial officer have concluded that, as of the date of their evaluation, the Company’s disclosure controls and procedures (as defined in Rules 13e-15(e) promulgated under the Exchange Act) were effective as of March 31, 2016.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our fiscal quarter ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings, please refer to Note 12 to the accompanying unaudited consolidated financial statements included herein and in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2015; other than as set forth below.

Risks Related to Healthcare Regulation

Changes in the rates or methods of third‑party reimbursements, including due to federal or state legislation, or political discord in the budgeting process outside our control, may adversely affect our revenue and operations.

We derive a majority of our revenue from direct billings to patients and third-party payors such as Medicare, Medicaid and private health insurance companies. As a result, any changes in the rates or methods of reimbursement for the services we provide could have a significant adverse impact on our revenue and financial results. The PPACA and other federal and state legislation could ultimately result in substantial changes to Medicare and Medicaid coverage and reimbursement, as well as changes in coverage or amounts paid by private payors, which could have an adverse or favorable impact on our revenues from those sources. We are unable to anticipate the direct or indirect revenue impact of any federal or state legislation on our reimbursements, or how these developments would affect our operations and results.

In addition to changes from the PPACA, government funding for healthcare programs is subject to statutory and regulatory changes, administrative rulings, interpretations of policy and determinations by intermediaries and governmental funding restrictions, all of which could materially impact program coverage and reimbursements for both ambulance and physician services. In recent years, Congress has consistently attempted to curb spending on Medicare, Medicaid and other programs funded in whole or part by the federal government. State and local governments have also attempted to curb spending on those programs for which they are wholly or partly responsible. This has resulted in cost containment measures, such as the imposition of new fee schedules that have lowered reimbursement for some of our services and restricted the rate of increase for others, and new utilization controls that limit coverage of our services. The ambulance service rate decreases under the congressionally mandated national fee schedule have adversely impacted AMR's net revenue in prior years. While a further reduced fee schedule was scheduled to go into effect in 2014, Congress extended updates preventing any additional reductions until January 1, 2018. We may be unable to receive ambulance service rate increases on a timely basis where rates are regulated, or to establish or maintain satisfactory rate structures where rates are not regulated.

Legislative provisions at the national level impact payments received by EmCare physicians under the Medicare program. One of the primary provisions of the MACRA replaces the sustainable growth rate annual update methodology to determine payments for physicians' services with a merit based incentive payment system, starting in 2020. Additionally, MACRA includes a provision that extends Medicare ambulance add-on payments, supplemental payments based on the point of pickup, until April 1, 2018. The long-term impact of MACRA, including the transition to merit-based incentive programs, is still being analyzed and we cannot estimate the impact of this legislation on our future revenues.

The Budget Control Act of 2011, as amended by the American Taxpayer Relief Act of 2012, sets forth sequestrations to Medicare reimbursement rates, which began in April 2013. These annual reductions of 2%, on average, apply to mandatory and discretionary spending and have been extended through 2025. Unless Congress takes action in the future to modify these sequestrations, Medicare reimbursements will continue to be reduced by 2%, on average, annually.

We believe that regulatory trends in cost containment will continue. We cannot assure you that we will be able to offset reduced operating margins through cost reductions, increased volume, the introduction of additional procedures or otherwise. In addition, we cannot assure you that federal, state and local governments will not impose reductions in the fee schedules or rate regulations applicable to our services in the future. Any such reductions could have a material adverse effect on our business, financial condition or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q.

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, thereunto duly authorized.

ENVISION HEALTHCARE HOLDINGS, INC.

(registrant)

May 6, 2016	By: /s/ William A. Sanger
Date	William A. Sanger Chairman, President and Chief Executive Officer
	By: /s/ Randel G. Owen
	Randel G. Owen Chief Financial Officer, Chief Operating Officer and Executive Vice President

EXHIBIT INDEX

3.1	Second Amended and Restated By-Laws, effective as of February 23, 2016 (Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, dated February 26, 2016).
10.1*†	Employment Agreement, dated August 21, 2013, between Edward Van Horne and American Medical Response, Inc.
10.2†	Form of Employee Performance Share Agreement (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, dated February 26, 2016).
10.3†	Form of Employee Stock Option Agreement (Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, dated February 26, 2016).
10.4*	Fifth Amendment, dated as of January 26, 2016, to the Term Loan Credit Agreement, dated as of May 25, 2011, by and among the Corporation, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and the several lenders from time to time party thereto.
10.5*	Fifth Supplemental Indenture, dated as of January 25, 2016, by and among the Corporation, the Subsidiary Guarantors party thereto and Wilmington Trust, National Association.
31.1*	Certification of the Chief Executive Officer of Envision Healthcare Holdings, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer of Envision Healthcare Holdings, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer and the Chief Financial Officer of Envision Healthcare Holdings, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed on May 6, 2016, formatted in eXtensible Business Reporting Language ("XBRL"): (1) Consolidated Balance Sheets, (2) Consolidated Statements of Operations and Comprehensive Income (Loss), (3) the Consolidated Statements of Cash Flows and (4) related notes to these financial statements.

*Filed with this Report
†Identifies a management compensation plan or arrangement.

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") by and between American Medical Response, Inc. (the "Company") and Edward Van Home (the "Executive") is made and entered into this 21st day of August, 2013 effective as of the date set forth below.

RECITALS

Executive desires to be employed by the Company in a confidential relationship during which Executive will have access to and become familiar with information as to the specific manner of doing business, strategic plans for future business and identity of customers and potential customers, all of which is established and maintained at great expense to the Company and constitutes trade secrets of the Company; and

Executive recognizes that the Company and its subsidiaries and managed entities depend upon this confidential information and trade secrets, including without limitation confidential techniques, methods and data; and

The Company and its subsidiaries will sustain great loss and damage if Executive should violate the provisions of this Agreement, particularly with respect to confidential information and restrictions on competition. Monetary damages for such losses would be extremely difficult to measure.

NOW THEREFORE, in consideration of the mutual promises, terms, covenants and conditions set forth herein and the performance of each, effective as of the time of the effective date, it is hereby agreed as follows:

1. Employment.

A. The Company shall employ the Executive as President, and the Executive shall serve in such capacity, performing such duties as are consistent with such position, along with such other duties and responsibilities assigned to the Executive by the Chief Executive Officer of its indirect parent company, Envision Healthcare Corporation ("Envision"). The Executive shall devote his best efforts and all of his business time to the performance of his duties under this Agreement and shall perform them faithfully, diligently, competently and in a manner consistent with the reasonable policies of the Company as determined from time to time by the Company.

B. The Executive shall report to the Chief Executive Officer of Envision on all matters pertaining to his duties under this Agreement.

C. The Executive shall not engage in other business activities outside the scope of this Agreement if such activities would detract from or interfere with the fulfillment of his responsibilities or duties under this Agreement. The Company acknowledges that Executive currently has an interest in two (2) outside companies: Arizona Ambulance of Douglas, Inc. (the "Ambulance Company") and AmbiServ Billing, Inc. (the "Billing Company"). Executive hereby agrees to actively pursue the divestiture of his interest in the Ambulance Company, with a goal of divesting such interest within six (6) months of the Effective Date or as soon as otherwise possible following the requisite approval by the State of Arizona authorizing the transfer of ownership. The parties understand and agree that, due to the internal processes of the potential purchaser, the administrative procedures of the State of Arizona, and the prerequisites under the Ambulance Company's existing Buy-Sell/Stock Redemption Agreement, full divestiture may require additional time. Therefore, the parties agree to make a good faith effort to consummate the divestiture of Executive's interest in the Ambulance Company promptly through a third-party sale to Company or one of its affiliates. In the event divestiture may not reasonably be accomplished by such means, the Company may choose, at its option, to: (i) allow Executive to retain his interest in the Ambulance Company, provided he no longer remains involved in its business operations (i.e., Executive may retain his interest and remain a "silent" investor in the Ambulance Company); or (ii) require Executive to withdrawal from the Ambulance Company.

D. The Executive shall not serve as an officer or director (or the equivalent position) of any entity other than Company or its affiliated entities, and shall not receive fees or other remuneration for work performed either within or outside the scope of his employment without the prior written consent of the Chief Executive Officer of Envision. Provided that such activities may not detract from or interfere with the fulfillment of Executive's responsibilities or duties under this Agreement and with the prior consent of Company, the prohibition in the immediately preceding sentence shall not apply to the Billing Company nor to the Ambulance Company until such time as divestiture occurs or the Company elects to allow Executive to remain a "silent investor" in the Ambulance Company.

2. Term of Employment. This Agreement shall commence on June 21, 2013, and shall continue unless either party provides the other with notice of termination pursuant to Section 7 of this Agreement.

3. Compensation.

A. As full compensation for all services rendered by the Executive pursuant to this Agreement, the Company shall pay to the Executive the sum of Four Hundred Seventy-five Thousand Dollars (475,000.00) annually ("Base Salary"), less all applicable withholdings and deductions. The Base Salary shall be payable in accordance with the Company's standard payroll practices, and shall be reviewed by the Chief Executive Officer of Envision annually during the Company's normal review period (provided, however, that Executive's Base Salary may not be adjusted downward without his written consent).

B. Executive shall also be eligible to participate in the Company's incentive plan applicable to management personnel ("MEIP"), with a target bonus of seventyfive percent (75%) of Executive's Base Salary. The Executive's right to receive any bonus under the MEIP shall be determined based upon Executive's achievement of reasonable performance targets established by the Chief Executive Officer of Envision, such achievement determined at the Company's sole reasonable discretion in accordance with the provisions of the MEIP and approved by the Board of Directors of Envision. Executive's incentive bonus under the MEIP, if any, shall be payable by the first business day two and one half months following the end of the plan year.

C. Subject to the approval of the board of directors of Envision (the "Board") and upon the soonest possible grant date approved by the Board , Executive shall receive a one-time grant of options to purchase a number of shares of class A common stock of Envision Healthcare Holdings, Inc. ("Envision Holdings") equal to a cumulative exercise price of Four Hundred Fifty Thousand Dollars ($450,000) (for example if the exercise price on the date of the grant is Fifteen Dollars ($15) per share, Envision Holdings would grant thirty thousand (30,000) options) which will vest over the course of five (5) years in accordance with the terms set forth in the Option Agreement between Envision Holdings and Executive entered into simultaneously with the grant of such options. This onetime grant option shall not preclude Executive from additional grant of options or stock authorized by the board for executives within Envision Holdings or its subsidiaries, and Executive shall be entitled to participate in any additional programs involving grants of stock or stock options for executives within Envision Holdings or its subsidiaries.

4. Fringe Benefits; Expenses.

A. The Executive shall be entitled to participate in all Company health and related employee benefit plans to the extent he is eligible under the terms of such plans.

B. The Company shall reimburse the Executive for all reasonable and necessary expenses incurred by him in connection with his employment in accordance with the Company's standard policies and procedures.

C. The Executive shall be entitled to paid time off ("PTO") to the extent he is eligible under the terms of the PTO plan maintained by the Company, to be taken at times selected by him, with the prior concurrence of the Chief Executive Officer of the Company.

D. The Company shall provide Executive with a monthly allowance of One Thousand Dollars ($1,000) for expenses incurred by the Executive for the lease or purchase of an automobile.

E. Executive shall be reimbursed for temporary corporate housing for a period of six (6) months within the first year of the Effective Date for mutually agreed upon housing with at least two (2) bedrooms and appropriate amenities not to exceed Four Thousand Dollars ($4,000) per month.

5. Disability or Death.

A. If, as the result of any physical or mental disability, the Executive shall have failed or is unable to perform his duties for a period of one hundred eighty (180) consecutive days, as determined by the Company, the Company may terminate this Agreement as of the date of its issuance of written notice without any further payment or the furnishing of any benefit by the Company under this Agreement, unless otherwise required by applicable law. During the period of disability, and prior to notification of termination by the Company as set forth in this Section 5, Executive shall be entitled to receive his Base Salary and a pro rata portion of his annual performance bonus, to the extent he is eligible, offset by such amounts paid to Executive under any disability insurance policies maintained by the Company.

B. The term of the Executive's employment under this Agreement shall terminate upon his death without any further payment or the furnishing of any benefit by the Company under this Agreement other than accrued and unpaid Base Salary and commissions and expenses and benefits which have accrued pursuant to any plan or by law

6. Restrictive Covenants; Inventions.

A. Executive agrees that during the term of this Agreement, and for a period of eighteen (18) months thereafter, Executive will not in any manner directly or indirectly: (a) disclose or divulge to any person, entity, firm, company or employer, or use for Executive's own benefit or the benefit of any other person, entity, firm, company or employer directly or indirectly in competition with Employer, any confidential knowledge, information, business methods, techniques or data of Employer; (b) solicit, divert, take away or interfere with any of the accounts, trade, business patronage, employees or contractual arrangements of Employer; or (c) compete with Employer, or enter into any contractual arrangements either individually or as equity holder in any entity, for the provision of physician staffing and/or management services for any client of Employer or within one hundred (100) miles of any client of Employer. Solely for the purposes of this Section 6, the term "Employer" shall mean Envision, its subsidiaries and affiliates, including but not limited to American Medical Response, Inc., EmCare, Inc., and Evolution Health, Inc., and companies under management agreements with any of them.

B. It is the intention of the parties to restrict the activities of Executive in a manner which reasonably protects the legitimate business interests of Employer. In the event this Section 6 is deemed overbroad or unenforceable by a court of competent jurisdiction, it is the intent of the parties that this Section 6 be enforced to the fullest extent allowed under applicable law, and be reformulated by such court to the extent necessary to so enforce it.

C. All memoranda, notes, records, or other documents made or composed by the Executive, or made available to him during the term of this Agreement concerning or in any way relating to the business or affairs of the Employer or clients shall be the Company's property and shall be delivered to the Employer on the termination of this Agreement or at any other time at the request of the Employer.

D. Executive hereby assigns and agrees to assign all his interest in any and all conceptions and ideas for inventions, improvements, discoveries and works, whether or not patentable or copyrightable, which are conceived or made by Executive solely or jointly with another during the period of employment or within one (1) year thereafter and which are related to the business or activities of the Employer or which Executive conceives as a result of his employment by the Employer (collectively, "Proprietary Rights"), to the Employer or its nominee. All copyrightable Propriety Rights shall be considered to be "works made for hire". Whenever requested to do so by the Employer, Executive shall execute any and all instruments and do such acts that the Employer shall request to protect the Employer's interest therein. These obligations shall continue beyond the termination of employment, and shall be binding upon Executive's assigns, executors, administrators and other legal representatives.

E. The Executive acknowledges that the agreements provided in this Section 6 were an inducement to the Company to enter into this Agreement and that the remedy at law for breach of his covenants under this Section 6 will be inadequate. Accordingly, in the event of any breach or threatened breach by the Executive of any provision of this Section 6, the Company shall be entitled, in addition to all other remedies, to an injunction restraining any breach by Executive.

7. Termination.

A. The Company shall have the right to immediately terminate this Agreement and the Executive's employment with the Company for cause. For purposes of this Agreement, the term "cause" shall mean:

1. Any material breach of the Executive's obligations under this Agreement.

2. Fraud, theft, or gross misconduct on the part of the Executive, including, without limitation, criminal conduct, conduct involving moral turpitude, embezzlement, or misappropriation of assets.

3. Executive's exclusion from participation in, or imposition of penalties from, any governmental reimbursement program, including but not limited to Medicare, Medicaid or TriCare.

4. Alcohol or drug abuse that impairs the Executive's ability to properly perform his duties.

5. Conduct by Executive which has a material adverse effect on the business of the Company or any of its subsidiaries, divisions, or affiliates, as determined by the Company in its reasonable discretion.

6. Violation by the Executive of any of the written work rules or written policies of the Company, including the Company's Corporate Compliance Policy.

B. The Company may also terminate this Agreement without cause by providing the Executive with ninety (90) days prior written notice.

C. Executive may terminate his employment at any time by providing ninety (90) days' prior written notice of termination of this Agreement to the Company.

D. If the employment of the Executive is terminated for cause, the Company shall have no obligation to make any further payment to the Executive (other than accrued and unpaid Base Salary and expenses to the date of termination), or continue to provide any benefit (other than benefits which have accrued pursuant to any plan or by law) to the Executive under this Agreement.

E. Upon termination of Executive's employment by the Company pursuant to Section 7.B, Executive shall be entitled to receive (i) all cash compensation earned under this Agreement to the date of termination plus (ii) Base Salary in the amount payable on the date immediately prior to termination for an additional period of eighteen (18) months following the date of termination. The restrictive covenants set forth in Section 6.A of this Agreement shall remain in effect for the period during which payments are received by Executive under this Section 7.E.

8. Miscellaneous.

A. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado applicable to agreements made and performed in Texas, and shall be construed without regard to any presumption or other rule requiring construction against the party causing the Agreement to be drafted.

B. This agreement contains a complete statement of all the arrangements between the Company and the Executive with respect to its subject matter, supersedes all previous agreements, written or oral, among them relating to its subject matter, and cannot be modified, amended, or terminated orally. Amendments may be made to this Agreement at any time if mutually agreed upon in writing.

C. Any amendment, notice, or other communication under this Agreement shall be in writing and shall be considered given when received and shall be delivered personally or mailed by Certified Mail, Return Receipt Requested, to the parties at their respective addresses set forth below (or at such other address as a party may specify by notice to the other):

If to Company: 6200 South Syracuse Way
Greenwood Village, Colorado 80111
Attention: Legal Department and
Human Resources Department

If to Executive: Executive's last known address on file with Company

D. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing.

E. Each of the parties irrevocably submits to the exclusive jurisdiction of the United States District Court for the District of Colorado over any action, suit, or proceeding relating to or arising out of this Agreement and the transactions contemplated hereby.

F. The invalidity or unenforceability of any te1m or provision of this Agreement shall not affect the validity or enforceability of the remaining terms or provisions of this Agreement which shall remain in full force and effect and any such invalid or unenforceable term or provision shall be given full effect as far as possible. If any term or provision of this Agreement is invalid or unenforceable in one jurisdiction, it shall not affect the validity or enforceability of that term or provision in any other jurisdiction.

G. This Agreement is not assignable by either party except that it shall inure to the benefit of and be binding upon any successor to the Company by merger or consolidation or the acquisition of all or substantially all of the Company's assets, provided such successor assumes all of the obligations of the Company, and shall inure to the benefit of the heirs and legal representatives of the Executive.

H. The parties acknowledge that none of the benefits granted to either party here under are conditioned on any requirement that either party make referrals to, be in a position to make or influence referrals to, or otherwise generate business for the other.

IN WITNESS WHEREOF, Company and Executive have executed this Agreement, in multiple counterparts, each of which shall be deemed an original, effective the day and year first above written.

EDWARD VAN HORNE

By: /s/ Edward Van Horne
Edward Van Horne

Date of Execution: 8/12/13

AMERICAN MEDICAL RESPONSE, INC.

By: /s/ William A. Sanger
William A. Sanger, Chief Executive Officer

Date of Execution: 8/21/13

Exhibit 10.4

EXECUTION VERSION

FIFTH AMENDMENT

FIFTH AMENDMENT TO CREDIT AGREEMENT (this "Fifth Amendment"), dated as of January 26, 2016 among Envision Healthcare Corporation (the "Borrower") and Deutsche Bank AG New York Branch, as Administrative Agent (the "Administrative Agent"). Unless otherwise indicated, all capitalized terms used herein and not otherwise defined shall have the respective meanings provided to such terms in the Credit Agreement referred to below (as amended by this Fifth Amendment).

PRELIMINARY STATEMENTS

A. WHEREAS, the Borrower, the Lenders from time to time party thereto and the Administrative Agent are parties to a Credit Agreement, dated as of May 25, 2011 (as amended, supplemented, waived or otherwise modified from time to time, the "Credit Agreement").

B. The Borrower and the Administrative Agent are permitted by Section 11.1(d) of the Credit Agreement to amend the Credit Agreement to cure any ambiguity, mistake, omission, defect or inconsistency.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendment to Credit Agreement. Effective as of January 26, 2016, the Credit Agreement is hereby amended by amending and restating Section 7.9(b) of the Credit Agreement in its entirety to read as follows:

> (b) With respect to (i) any Domestic Subsidiary that is a Wholly Owned Subsidiary (other than (x) an Excluded Subsidiary and (y) a Subsidiary that will be (and, unless the Administrative Agent shall otherwise agree in its sole discretion, within 90 days following its creation or acquisition, is) converted into a Related Professional Corporation in a manner consistent with past practices on or prior to the Closing Date or in the ordinary course of business) created or acquired (including by reason of any Foreign Subsidiary Holdco ceasing to constitute same) subsequent to the Closing Date by the Borrower or any of its Domestic Subsidiaries that are Wholly Owned Subsidiaries (other than an Excluded Subsidiary), (ii) any Unrestricted Subsidiary that is a Wholly Owned Subsidiary being designated as a Restricted Subsidiary (and not otherwise constituting an Excluded Subsidiary), (iii) any Excluded Subsidiary that is a Wholly Owned Subsidiary ceasing to be an "Excluded Subsidiary" as provided in the definition thereof after the expiry of any applicable period referred to in such definition and (iv) any entity becoming a Domestic Subsidiary that is a Wholly Owned Subsidiary as a result of a transaction pursuant to, and permitted by, Subsection 8.2 or 8.7 (other than an Excluded Subsidiary or a Subsidiary of the type described in sub-clause (y) of the first parenthetical in preceding clause (i)), promptly notify the Administrative Agent of such occurrence and, if the Administrative Agent or the Required Lenders so request, promptly (i) execute and deliver to the Collateral Agent for the benefit of the Secured Parties such amendments to the Guarantee and Collateral Agreement as the Collateral Agent shall reasonably deem necessary or reasonably advisable to grant to the Collateral Agent, for the benefit of the Secured Parties, a perfected first priority security interest (as and to the extent provided in the Guarantee and Collateral Agreement) in the Capital Stock of such new Domestic Subsidiary, (ii) de-

liver to the Collateral Agent the certificates (if any) representing such Capital Stock, together with undated stock powers, executed and delivered in blank by a duly authorized officer of the parent of such new Domestic Subsidiary and (iii) cause such new Domestic Subsidiary (A) to become a party to the Guarantee and Collateral Agreement and (B) to take all actions reasonably deemed by the Collateral Agent to be necessary or advisable to cause the Lien created by the Guarantee and Collateral Agreement in such new Domestic Subsidiary's Collateral to be duly perfected in accordance with all applicable Requirements of Law (as and to the extent provided in the Guarantee and Collateral Agreement), including the filing of financing statements in such jurisdictions as may be reasonably requested by the Collateral Agent."

SECTION 2. Reference to and Effect on the Credit Agreement and the Loan Documents. On and after the effectiveness of this Fifth Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes and each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Fifth Amendment. The Credit Agreement, the Notes and each of the other Loan Documents, as specifically amended by this Fifth Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this Fifth Amendment shall not, except as expressly provided herein, operate as an amendment or waiver of any right, power or remedy of any Lender or any Agent under any of the Loan Documents, nor constitute an amendment or waiver of any provision of any of the Loan Documents.

SECTION 3. Costs and Expenses. The Borrower agrees to pay or reimburse the Administrative Agent pursuant to Section 11.5 of the Credit Agreement.

SECTION 4. Execution in Counterparts. This Fifth Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute a single contract. Delivery of an executed counterpart of this Fifth Amendment by facsimile transmission or electronic photocopy (i.e., "pdf") shall be effective as delivery of a manually executed counterpart of this Fifth Amendment.

SECTION 5. Governing Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS FIFTH AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES OR RULES ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ENVISION HEALTHCARE CORPORATION

By: /s/ Randel G. Owen
Name: Randel G. Owen
Title: Chief Financial Officer

DEUTSCHE BANK AG NEW YORK BRANCH,
as Administrative Agent

By: /s/ Michael Winters
Name: Michael Winters
Title: Vice President

By: /s/ Dusan Lazarov
Name: Dusan Lazarov
Title: Director

Exhibit 10.5

EXECUTION VERSION

Supplemental Indenture in Respect of Subsidiary Guarantees
January 25, 2016

FIFTH SUPPLEMENTAL INDENTURE, dated as of January 25, 2016 (this "Supplemental Indenture"), among the Subsidiaries listed on Schedule A hereto (the "New Subsidiary Guarantors" and each, a "New Subsidiary Guarantor"), Envision Healthcare Corporation (the "Company") and Wilmington Trust, National Association, as Trustee under the Indenture referred to below.

W I T N E S S E T H:

WHEREAS, the Company, each existing Subsidiary Guarantor under the Indenture referred to below (the "Existing Guarantors") and the Trustee have heretofore become parties to an Indenture, dated as of June 18, 2014 (as amended, supplemented, waived or otherwise modified, the "Indenture"), providing for the issuance of Notes in series;

WHEREAS, Section 1308 of the Indenture provides that the Company is required to cause the New Subsidiary Guarantors to execute and deliver to the Trustee a supplemental indenture pursuant to which the New Subsidiary Guarantors shall guarantee the Company's Subsidiary Guaranteed Obligations under the Notes pursuant to a Subsidiary Guarantee on the terms and conditions set forth herein and in Article XIII of the Indenture;

WHEREAS, each New Subsidiary Guarantor desires to enter into such supplemental indenture for good and valuable consideration, including substantial economic benefit in that the financial performance and condition of such New Subsidiary Guarantor is dependent on the financial performance and condition of the Company, the obligations hereunder of which such New Subsidiary Guarantor has guaranteed, and on such New Subsidiary Guarantor's access to working capital through the Company's access to revolving credit borrowings under the Senior ABL Facility; and

WHEREAS, pursuant to Section 901 of the Indenture, the parties hereto are authorized to execute and deliver this Supplemental Indenture to amend the Indenture, without the consent of any Holder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Subsidiary Guarantors, the Company and the Trustee mutually covenant and agree for the benefit of the Holders of the Notes as follows:

1. Defined Terms. As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined. The words "herein," "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

2. Agreement to Guarantee. Each New Subsidiary Guarantor hereby agrees, jointly and severally with the other New Subsidiary Guarantors and the Existing Guarantors and fully and unconditionally, to guarantee the Subsidiary Guaranteed Obligations under the Indenture and the Notes on the terms and subject to the conditions set forth in Article XIII of the Indenture and to be bound by (and shall be entitled to the benefits of) all other applicable provisions of the Indenture as a Subsidiary Guarantor.

3. Termination, Release and Discharge. Each New Subsidiary Guarantor's Subsidiary Guarantee shall terminate and be of no further force or effect, and each New Subsidiary Guarantor shall be released and discharged from all obligations in respect of such Subsidiary Guarantee, as and when provided in Section 1303 of the Indenture.

4. Parties. Nothing in this Supplemental Indenture is intended or shall be construed to give any Person, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of any New Subsidiary Guarantor's Subsidiary Guarantee or any provision contained herein or in Article XIII of the Indenture.

5. Governing Law. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE TRUSTEE, THE COMPANY, ANY OTHER OBLIGOR IN RESPECT OF THE NOTES AND (BY THEIR ACCEPTANCE OF THE NOTES) THE HOLDERS AGREE TO SUBMIT TO THE JURISDICTION OF ANY UNITED STATES FEDERAL OR STATE COURT LOCATED IN THE BOROUGH OF MANHATTAN, IN THE CITY OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENTAL INDENTURE.

6. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee makes no representation or warranty as to the validity or sufficiency of this Supplemental Indenture or as to the accuracy of the recitals to this Supplemental Indenture.

7. Counterparts. The parties hereto may sign one or more copies of this Supplemental Indenture in counterparts, all of which together shall constitute one and the same agreement.

8. Headings. The section headings herein are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

ARIZONA EMS HOLDINGS, INC.
BEACON TRANSPORTATION, INC.
BOWERS COMPANIES, INC.
COMTRANS AMBULANCE SERVICE, INC.
CORNING AMBULANCE SERVICE INC.
DONLOCK, LTD.
E.M.S. VENTURES, INC.
EASTERN AMBULANCE SERVICE, INC.
EASTERN PARAMEDICS, INC.
EMERGENCY MEDICAL TRANSPORT, INC.
EMS VENTURES OF SOUTH CAROLINA, INC.
GOLD CROSS AMBULANCE SERVICE OF PA., INC.
GOLD CROSS AMBULANCE SERVICES, INC.
LASALLE AMBULANCE INC.
MAINSTAY SOLUTIONS, LLC
MEDICAL EMERGENCY DEVICES AND SERVICES (MEDS), INC.
MERCURY AMBULANCE SERVICE, INC.
METRO CARE CORP.
NATIONAL AMBULANCE & OXYGEN SERVICE, INC.
NORTH MISS. AMBULANCE SERVICE, INC.
PACIFIC AMBULANCE, INC.
PROFESSIONAL MEDICAL TRANSPORT, INC.
R/M ARIZONA HOLDINGS, INC.
R/M MANAGEMENT CO., INC.
R/M OF TENNESSEE G.P., INC.
R/M OF TENNESSEE L.P., INC.
RMC CORPORATE CENTER, L.L.C.
RURAL/METRO (DELAWARE) INC.
RURAL/METRO CORPORATION
RURAL/METRO CORPORATION
RURAL/METRO CORPORATION OF FLORIDA
RURAL/METRO CORPORATION OF TENNESSEE
RURAL/METRO FIRE DEPT., INC.
RURAL/METRO MID-SOUTH, L.P.
RURAL/METRO OF BREWERTON, INC.

By: /s/ Craig A. Wilson
Name: Craig A. Wilson
Title: Secretary

[Signature Page to Fifth Supplemental Indenture]

RURAL/METRO OF CALIFORNIA, INC.
RURAL/METRO OF CENTRAL ALABAMA, INC.
RURAL/METRO OF CENTRAL COLORADO, INC.
RURAL/METRO OF CENTRAL OHIO, INC.
RURAL/METRO OF GREATER SEATTLE, INC.
RURAL/METRO OF INDIANA, L.P.
RURAL/METRO OF NEW YORK, INC.
RURAL/METRO OF NORTHERN CALIFORNIA, INC.
RURAL/METRO OF NORTHERN OHIO, INC.
RURAL/METRO OF OHIO, INC.
RURAL/METRO OF OREGON, INC.
RURAL/METRO OF ROCHESTER, INC.
RURAL/METRO OF SAN DIEGO, INC.
RURAL/METRO OF SOUTHERN CALIFORNIA, INC.
RURAL/METRO OF SOUTHERN OHIO, INC.
RURAL/METRO OF TENNESSEE, L.P.
RURAL/METRO OPERATING COMPANY, LLC
SAN DIEGO MEDICAL SERVICES ENTERPRISE, LLC
SIOUX FALLS AMBULANCE, INC.
SOUTHWEST AMBULANCE AND RESCUE OF ARIZONA, INC.
SOUTHWEST AMBULANCE OF CASA GRANDE, INC.
SOUTHWEST AMBULANCE OF NEW MEXICO, INC.
SOUTHWEST AMBULANCE OF SOUTHEASTERN ARIZONA, INC.
SOUTHWEST AMBULANCE OF TUCSON, INC.
SOUTHWEST GENERAL SERVICES, INC.
SW GENERAL, INC.
THE AID AMBULANCE COMPANY, INC.
THE AID COMPANY, INC.
TOWNS AMBULANCE SERVICE, INC.
VALLEY FIRE SERVICE, INC.
W & W LEASING COMPANY, INC.
WP ROCKET HOLDINGS INC.

By: /s/ Craig A. Wilson
Name: Craig A. Wilson
Title: Secretary

[Signature Page to Fifth Supplemental Indenture]

QRX MEDICAL MANAGEMENT, LLC

By: /s/ Craig A. Wilson
Name: Craig A. Wilson
Title: Senior Vice President and Secretary

[Signature Page to Fifth Supplemental Indenture]

ENVISION HEALTHCARE CORPORATION

By: /s/ Craig A. Wilson
Name: Craig A. Wilson
Title: Secretary

[Signature Page to Fifth Supplemental Indenture]

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Joseph P. O'Donnell
Authorized Officer

[Signature Page to Fifth Supplemental Indenture]

<u>SCHEDULE A</u>

New Subsidiary Guarantors	**Jurisdiction of Organization**
Arizona EMS Holdings, Inc.	Arizona
Beacon Transportation, Inc.	New York
Bowers Companies, Inc.	California
ComTrans Ambulance Service, Inc.	Arizona
Corning Ambulance Service Inc.	New York
Donlock, Ltd.	Pennsylvania
E.M.S. Ventures, Inc.	Georgia
Eastern Ambulance Service, Inc.	Nebraska
Eastern Paramedics, Inc.	Delaware
Emergency Medical Transport, Inc.	Arizona
EMS Ventures of South Carolina, Inc.	South Carolina
Gold Cross Ambulance Service of Pa., Inc.	Ohio
Gold Cross Ambulance Services, Inc.	Delaware
LaSalle Ambulance Inc.	New York
Mainstay Solutions, LLC	Arizona
Medical Emergency Devices and Services (MEDS), Inc.	Arizona
Mercury Ambulance Service, Inc.	Kentucky
Metro Care Corp.	Ohio
National Ambulance & Oxygen Service, Inc.	New York
North Miss. Ambulance Service, Inc.	Mississippi
Pacific Ambulance, Inc.	California
Professional Medical Transport, Inc.	Arizona
QRx Medical Management, LLC	Delaware
R/M Arizona Holdings, Inc.	Arizona
R/M Management Co., Inc.	Arizona
R/M of Tennessee G.P., Inc.	Delaware
R/M of Tennessee L.P., Inc.	Delaware
RMC Corporate Center, L.L.C.	Arizona
Rural/Metro (Delaware) Inc.	Delaware
Rural/Metro Corporation	Delaware
Rural/Metro Corporation	Arizona
Rural/Metro Corporation of Florida	Florida
Rural/Metro Corporation of Tennessee	Tennessee
Rural/Metro Fire Dept., Inc.	Arizona
Rural/Metro Mid-South, L.P.	Delaware
Rural/Metro of Brewerton, Inc.	New York
Rural/Metro of California, Inc.	Delaware
Rural/Metro of Central Alabama, Inc.	Delaware
Rural/Metro of Central Colorado, Inc.	Delaware
Rural/Metro of Central Ohio, Inc.	Delaware
Rural/Metro of Greater Seattle, Inc.	Washington
Rural/Metro of Indiana, L.P.	Delaware
Rural/Metro of New York, Inc.	Delaware
Rural/Metro of Northern California, Inc.	Delaware
Rural/Metro of Northern Ohio, Inc.	Delaware
Rural/Metro of Ohio, Inc.	Delaware
Rural/Metro of Oregon, Inc.	Delaware

Rural/Metro of Rochester, Inc.	New York
Rural/Metro of San Diego, Inc.	California
Rural/Metro of Southern California, Inc.	Delaware
Rural/Metro of Southern Ohio, Inc.	Ohio
Rural/Metro of Tennessee, L.P.	Delaware
Rural/Metro Operating Company, LLC	Delaware
San Diego Medical Services Enterprise, LLC	California
Sioux Falls Ambulance, Inc.	South Dakota
Southwest Ambulance and Rescue of Arizona, Inc.	Arizona
Southwest Ambulance of Casa Grande, Inc.	Arizona
Southwest Ambulance of New Mexico, Inc.	New Mexico
Southwest Ambulance of Southeastern Arizona, Inc.	Arizona
Southwest Ambulance of Tucson, Inc.	Arizona
Southwest General Services, Inc.	Arizona
SW General, Inc.	Arizona
The Aid Ambulance Company, Inc.	Delaware
The Aid Company, Inc.	Indiana
Towns Ambulance Service, Inc.	New York
Valley Fire Service, Inc.	Delaware
W & W Leasing Company, Inc.	Arizona
WP Rocket Holdings Inc.	Delaware

Exhibit 31.1

CERTIFICATION

I, William A. Sanger, certify that:

1. I have reviewed this Form 10-Q of Envision Healthcare Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2016

/s/ WILLIAM A. SANGER

Name: William A. Sanger
Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Randel G. Owen, certify that:

1. I have reviewed this Form 10-Q of Envision Healthcare Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2016

/s/ RANDEL G. OWEN

Name: Randel G. Owen
Title: Chief Financial Officer

Exhibit 32.1

Written Statement of the Chief Executive Officer and Chief Financial Officer

Pursuant to Section 906

of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

The undersigned, the Chief Executive Officer and the Chief Financial Officer of Envision Healthcare Holdings, Inc., a Delaware corporation (the "Company"), each hereby certifies that, to his knowledge on the date hereof:

(a) the Form 10-Q of the Company for the quarter ended March 31, 2016, filed on the date hereof with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ WILLIAM A. SANGER
William A. Sanger
Chief Executive Officer
May 6, 2016

/s/ RANDEL G. OWEN
Randel G. Owen
Chief Financial Officer
May 6, 2016