

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

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

Date of Report (Date of earliest event reported) May 6, 2015



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**Cross Country Healthcare, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**0-33169**  
(Commission  
File Number)

**13-4066229**  
(I.R.S. Employer  
Identification No.)

**6551 Park of Commerce Blvd., N.W., Boca Raton, FL 33487**  
(Address of Principal Executive Office) (Zip Code)

**(561) 998-2232**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

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

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

### **Item 2.02 Results of Operations and Financial Condition**

(a) On May 6, 2015, Cross Country Healthcare, Inc. (“the Company”) issued a press release announcing results for the quarter ended March 31, 2015, a copy of which is attached as Exhibit 99.1 to this Current Report on Form 8-K. This information is being furnished under Item 2.02 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of such section.

## **Section 7 – Regulation FD**

### **Item 7.01 Regulation FD Disclosure**

Incorporated by reference is a press release issued by the Company on May 6, 2015, which is attached hereto as Exhibit 99.1. This information is being furnished under Item 7.01 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of such section.

## **Section 9 – Financial Statements and Exhibits**

### **Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

Exhibit	Description
99.1	Press Release issued by the Company on May 6, 2015

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## CROSS COUNTRY HEALTHCARE ANNOUNCES FIRST QUARTER 2015 FINANCIAL RESULTS

BOCA RATON, Fla., May 6, 2015--Cross Country Healthcare, Inc. (Nasdaq: CCRN) today announced financial results for the first quarter ended March 31, 2015.

- **Revenue was \$186.0 million, up 57% year-over-year and 5% on a pro forma basis\***
- **Adjusted EBITDA was \$6.2 million or 3.3% of revenue versus \$1.0 million or 0.9% of revenue in the prior year**
- **Net income attributable to common shareholders was \$0.05 per diluted share; Adjusted net income attributable to common shareholders was \$0.03 per diluted share**
- **Second Quarter Guidance: Revenue of \$188 million - \$192 million and Adjusted EBITDA margin of 3.7% - 4.2%**

\* See discussion of Non-GAAP financial measures below.

“We had a good start to 2015 with strong year-over-year revenue growth and a \$5 million improvement in our Adjusted EBITDA,” said William J Grubbs, President and Chief Executive Officer. Mr. Grubbs continued, “We are well positioned for continued improvement throughout the year and, as previously announced, expect to achieve our targeted 5% Adjusted EBITDA by the fourth quarter.”

First quarter consolidated revenue was \$186.0 million, an increase of 57% year-over-year, and a decrease of 1% sequentially. On a pro forma basis, revenue was up 5% year-over-year. The Company's consolidated gross profit margin was 25.3%, down 50 basis points year-over-year and flat sequentially. Adjusted EBITDA was \$6.2 million or 3.3% of revenue, as compared with \$1.0 million or 0.9% of revenue in the prior year (see table titled “Reconciliation of Non-GAAP Financial Measures”). Net income attributable to common shareholders was \$2.9 million, or \$0.05 per diluted share, compared to a net loss of \$0.8 million or \$0.03 per diluted share in the prior year.

### **Quarterly Business Segment Highlights**

#### *Nurse and Allied Staffing*

Revenue from Nurse and Allied Staffing increased 85% year-over-year and 1% sequentially. On a pro forma basis, revenue was up 8% year-over-year. Contribution income in this segment was \$10.6 million, up from \$6.0 million in the prior year. The year-over-year increase in segment revenue and contribution income was due to the impact of the Medical Staffing Network, LLC (MSN) acquisition combined with organic growth. Average field FTEs increased to 6,454 from 3,119 in the prior year. Revenue per FTE per day was \$257 compared to \$288 year-over-year reflecting the impact of the lower average bill rates of MSN.

*Physician Staffing*

Revenue from Physician Staffing decreased 4% year-over-year and 10% sequentially, primarily due to lower volume. Contribution income was \$2.1 million, up from \$0.7 million in the prior year due primarily to lower charges related to professional liability. Compared to the prior year, total days filled decreased to 17,413 from 20,123 while revenue per day filled increased to \$1,587 from \$1,444.

*Other Human Capital Management Services*

Revenue from Other Human Capital Management Services was \$9.5 million, an increase of 8% year-over-year and down 9% sequentially. The year-over-year increase was due to growth in the physician and executive search business, partially offset by a decline in the education and training business. Contribution income was \$0.6 million, compared to \$0.2 million.

**Cash Flow and Balance Sheet Highlights**

Cash flow provided by operating activities was \$0.3 million for the quarter. At March 31, 2015, the Company had \$7.5 million in cash and cash equivalents and \$61.5 million of outstanding debt, comprised of \$6.5 million under our revolver and \$55.0 million of subordinated debt at par. The Company had \$39.0 million of availability under its credit facility at March 31, 2015.

**Outlook for Second Quarter 2015**

The Company also provided guidance for the second quarter of 2015:

	Range	Year-over-Year Change
Revenue	\$188 million - \$192 million	53% - 57%
Gross profit margin	25.5% - 26.0%	(90) - (40) bps
Adjusted EBITDA margin	3.7% - 4.2%	100 - 150 bps
Adjusted net income attributable to common shareholders per diluted share	\$0.05 - \$0.07	\$0.04 - \$0.06

The estimates above are based on current management expectations and, as such, are forward-looking and actual results may differ materially. These ranges do not include the potential impact of any future mergers, acquisitions or other business combinations, any impairment charges or valuation allowances, or any material legal or restructuring charges. Adjusted net income attributable to common shareholders per diluted share assumes an adjusted weighted average share count consistent with March 31, 2015.

## **INVITATION TO CONFERENCE CALL**

The Company will hold its quarterly conference call on Thursday, May 7, 2015, at 9:00 A.M. Eastern Time to discuss its first quarter 2015 financial results. This call will be webcast live and can be accessed at the Company's website at [www.crosscountryhealthcare.com](http://www.crosscountryhealthcare.com) or by dialing 800-857-6331 from anywhere in the U.S. or by dialing 517-623-4781 from non-U.S. locations - Passcode: Cross Country. From May 7th through May 21st, a replay of the webcast will be available at the Company's website and a replay of the conference call will be available by telephone by calling 800-395-7443 from anywhere in the U.S. or 203-369-3271 from non-U.S. locations - Passcode: 2015.

## **ABOUT CROSS COUNTRY HEALTHCARE**

Cross Country Healthcare, Inc., headquartered in Boca Raton, Florida, is a national leader in providing leading-edge healthcare recruiting, staffing and workforce management solutions. With more than 30 years of experience, we are dedicated to placing highly qualified nurses and physicians as well as allied health, advanced practice, and case management professionals. We provide both retained and contingent placement services for physicians, as well as retained search services for healthcare executives. We have more than 6,000 active contracts with a broad range of clients, including acute care hospitals, physician practice groups, nursing facilities, rehabilitation and sports medicine clinics, government facilities, as well as nonclinical settings such as homecare and schools. Through our national staffing teams and network of more than 70 branch office locations, we are able to place clinicians for travel and per diem assignments, local short-term contracts, and permanent positions. We are a market leader in providing flexible workforce management solutions, which include managed services programs, workforce assessments, internal resource pool consulting and development, electronic medical record transition staffing, and recruitment process outsourcing. In addition, we provide education and training programs for healthcare professionals through seminars and e-learning tools.

Copies of this and other news releases as well as additional information about Cross Country Healthcare can be obtained online at [www.crosscountryhealthcare.com](http://www.crosscountryhealthcare.com). Shareholders and prospective investors can also register to automatically receive the Company's press releases, SEC filings and other notices by e-mail.

## **NON-GAAP FINANCIAL MEASURES**

This press release and accompanying financial statement tables reference non-GAAP financial measures. Such non-GAAP financial measures are provided as additional information and should not be considered substitutes for, or superior to, financial measures calculated in accordance with U.S. GAAP. Such non-GAAP financial measures are provided for consistency and comparability to prior year results; furthermore, management believes they are useful to investors when evaluating the Company's performance as they exclude certain items that management believes are not indicative of the Company's operating performance. Pro forma measures are adjusted to include the results of our acquisitions as if they were acquired in the beginning of the periods mentioned. Such non-GAAP financial measures may differ materially from the non-GAAP financial measures used by other companies. The financial statement tables that accompany this press release include a reconciliation of each non-GAAP financial measure to the most directly comparable U.S. GAAP financial measure and a more detailed discussion of each financial measure; as such, the financial statement tables should be read in conjunction with the presentation of these non-GAAP financial measures.

**FORWARD LOOKING STATEMENT**

*In addition to historical information, this press release contains statements relating to our future results (including certain projections and business trends) that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are subject to the "safe harbor" created by those sections. Forward-looking statements consist of statements that are predictive in nature, depend upon or refer to future events. Words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "suggests", "appears", "seeks", "will", and variations of such words and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. These factors include, without limitation, the following: our ability to attract and retain qualified nurses, physicians and other healthcare personnel, costs and availability of short-term housing for our travel nurses and physicians, demand for the healthcare services we provide, both nationally and in the regions in which we operate, the functioning of our information systems, the effect of cyber security risks and cyber incidents on our business, the effect of existing or future government regulation and federal and state legislative and enforcement initiatives on our business, our clients' ability to pay us for our services, our ability to successfully implement our acquisition and development strategies, including our ability to successfully integrate acquired businesses and realize synergies from such acquisitions, the effect of liabilities and other claims asserted against us, the effect of competition in the markets we serve, our ability to successfully defend the Company, its subsidiaries, and its officers and directors on the merits of any lawsuit or determine its potential liability, if any, and other factors set forth in Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, and our other Securities and Exchange Commission filings made prior to the date hereof.*

*Although we believe that these statements are based upon reasonable assumptions, we cannot guarantee future results and readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date of this press release. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors' likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct or (iv) our strategy, which is based in part on this analysis, will be successful. The Company undertakes no obligation to update or revise forward-looking statements. All references to "we", "us", "our", or "Cross Country" in this press release mean Cross Country Healthcare, Inc. and its subsidiaries.*

**Cross Country Healthcare, Inc.**  
**Consolidated Statements of Operations**  
(Unaudited, amounts in thousands, except per share data)

	Three Months Ended		
	March 31, 2015	March 31, 2014	December 31, 2014
Revenue from services	\$ 185,964	\$ 118,091	\$ 188,134
Operating expenses:			
Direct operating expenses	138,927	87,641	140,493
Selling, general and administrative expenses	41,166	29,455	41,538
Bad debt expense	91	432	295
Depreciation	960	974	1,070
Amortization	982	785	995
Acquisition and integration costs (a)	118	295	2,532
Restructuring costs	—	—	85
Impairment charges (b)	—	—	10,000
Total operating expenses	<u>182,244</u>	<u>119,582</u>	<u>197,008</u>
Income (loss) from operations	3,720	(1,491)	(8,874)
Other expenses (income):			
Interest expense	1,737	255	1,784
(Gain) loss on derivative liability	(2,147)	—	9,363
Other expense (income), net	43	107	(46)
Income (loss) before income taxes	<u>4,087</u>	<u>(1,853)</u>	<u>(19,975)</u>
Income tax expense (benefit)	1,037	(1,071)	112
Consolidated net income (loss)	<u>3,050</u>	<u>(782)</u>	<u>(20,087)</u>
Less: Net income attributable to noncontrolling interest in subsidiary	116	—	131
Net income (loss) attributable to common shareholders	<u>\$ 2,934</u>	<u>\$ (782)</u>	<u>\$ (20,218)</u>
Net income (loss) per share attributable to common shareholders - Basic	<u>\$ 0.09</u>	<u>\$ (0.03)</u>	<u>\$ (0.65)</u>
Net income (loss) per share attributable to common shareholders - Diluted	<u>\$ 0.05</u>	<u>\$ (0.03)</u>	<u>\$ (0.65)</u>
Weighted average common shares outstanding:			
Basic	<u>31,294</u>	<u>31,098</u>	<u>31,264</u>
Diluted (c)	<u>35,454</u>	<u>31,098</u>	<u>31,264</u>

**Cross Country Healthcare, Inc.**  
**Reconciliation of Non-GAAP Financial Measure**  
(Unaudited, amounts in thousands)

	Three Months Ended		
	March 31, 2015	March 31, 2014	December 31, 2014
<b>Adjusted EBITDA (d):</b>			
Consolidated net income (loss) attributable to common shareholders	\$ 2,934	\$ (782)	\$ (20,218)
Depreciation	960	974	1,070
Amortization	982	785	995
Interest expense	1,737	255	1,784
Income tax expense (benefit)	1,037	(1,071)	112
Acquisition and integration costs (a)	118	295	2,532

Restructuring costs	—	—	85
Impairment charges (b)	—	—	10,000
(Gain) loss on derivative liability	(2,147)	—	9,363
Other expense (income), net	43	107	(46)
Equity compensation	376	452	429
Net income attributable to noncontrolling interest in subsidiary	116	—	131
Adjusted EBITDA	<u>\$ 6,156</u>	<u>\$ 1,015</u>	<u>\$ 6,237</u>

**Adjusted net income attributable to common shareholders per diluted share:**

Net income (loss) attributable to common shareholders per diluted share	\$ 0.05	\$ (0.03)	\$ (0.65)
Acquisition and integration costs (a)	—	0.01	0.05
Restructuring costs	—	—	—
Impairment charges (b)	—	—	0.29
(Gain) loss on derivative liability	(0.04)	—	0.18
Valuation allowance on adjusted items	(0.02)	0.01	0.15
Adjustment for change in dilutive shares (e)	0.04	—	0.01
Adjusted net income attributable to common shareholders per diluted share	<u>\$ 0.03</u>	<u>\$ (0.01)</u>	<u>\$ 0.03</u>

Weighted average common shares outstanding - diluted	35,454	31,098	31,264
Adjustment to diluted shares	(3,521)	—	447
Adjusted weighted average common shares - diluted	<u>31,933</u>	<u>31,098</u>	<u>31,711</u>

**Cross Country Healthcare, Inc.**  
**Consolidated Balance Sheets**  
**(Unaudited, amounts in thousands)**

	March 31, 2015	December 31, 2014
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,465	\$ 4,995
Accounts receivable, net	121,145	113,129
Income taxes receivable	238	307
Prepaid expenses	5,862	6,073
Insurance recovery receivable	5,893	5,624
Other current assets	693	1,055
Total current assets	<u>141,296</u>	<u>131,183</u>
Property and equipment, net	11,756	12,133
Trade names, net	38,201	38,201
Goodwill, net	90,647	90,647
Other identifiable intangible assets, net	32,841	33,823
Debt issuance costs, net	1,163	1,257
Other non-current assets	17,594	17,889
Total assets	<u>\$ 333,498</u>	<u>\$ 325,133</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 24,265	\$ 27,314
Accrued employee compensation and benefits	36,230	28,731
Current portion of long-term debt and capital lease obligations	6,608	3,607
Sales tax payable	2,636	2,573
Deferred purchase price	2,223	—
Deferred tax liabilities	1,716	1,981
Other current liabilities	2,761	2,790
Total current liabilities	<u>76,439</u>	<u>66,996</u>
Long-term debt and capital lease obligations	68,664	70,467
Non-current deferred tax liabilities	19,142	18,038
Long-term accrued claims	30,427	32,068
Long-term deferred purchase price	—	2,333

Other long-term liabilities	5,249	4,899
Total liabilities	199,921	194,801
Commitments and contingencies		
Stockholders' equity:		
Common stock	3	3
Additional paid-in capital	247,778	247,467
Accumulated other comprehensive loss	(1,104)	(1,118)
Accumulated deficit	(113,540)	(116,474)
Total Cross Country Healthcare, Inc. stockholders' equity	133,137	129,878
Noncontrolling interest	440	454
Total stockholders' equity	133,577	130,332
Total liabilities and stockholders' equity	\$ 333,498	\$ 325,133

**Cross Country Healthcare, Inc.**  
**Segment Data (f)**  
**(Unaudited, amounts in thousands)**

	Three Months Ended						Year-over-Year % change Fav (Unfav)	Sequential % change Fav (Unfav)
	March 31,	% of	March 31,	% of	December 31,	% of		
	2015	Total	2014	Total	2014	Total		
Revenue from services:								
Nurse and Allied Staffing (g)	\$ 149,112	80%	\$ 80,730	68%	\$ 147,382	78%	85 %	1 %
Physician Staffing (g)	27,347	15%	28,599	24%	30,360	16%	(4)%	(10)%
Other Human Capital Management Services	9,505	5%	8,762	8%	10,392	6%	8 %	(9)%
	<u>\$ 185,964</u>	100%	<u>\$ 118,091</u>	100%	<u>\$ 188,134</u>	100%	57 %	(1)%
Contribution income (h)								
Nurse and Allied Staffing (g)	\$ 10,602		\$ 5,989		\$ 11,208		77 %	(5)%
Physician Staffing (g)	2,116		731		2,520		189 %	(16)%
Other Human Capital Management Services	602		166		635		263 %	(5)%
	<u>13,320</u>		<u>6,886</u>		<u>14,363</u>		93 %	(7)%
Unallocated corporate overhead	7,540		6,323		8,555		(19)%	12 %
Depreciation	960		974		1,070		1 %	10 %
Amortization	982		785		995		(25)%	1 %
Acquisition and integration costs (a)	118		295		2,532		60 %	95 %
Restructuring costs	—		—		85		— %	100 %
Impairment charges (b)	—		—		10,000		— %	100 %
Income (loss) from operations	<u>\$ 3,720</u>		<u>\$ (1,491)</u>		<u>\$ (8,874)</u>		349 %	142 %

**Cross Country Healthcare, Inc.**  
**Other Financial Data**  
**(Unaudited)**

	Three Months Ended		
	March 31,	March 31,	December 31,
	2015	2014	2014
Net cash provided by (used in) operating activities (in thousands)	\$ 270	\$ (9,234)	\$ (1,016)

Nurse and Allied Staffing statistical data:

FTEs (g) (i)	6,454	3,119	6,340
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Average Nurse and Allied Staffing revenue per FTE per day (g) (j)	\$	257	\$	288	\$	253
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Physician Staffing statistical data:

Days filled (g) (k)		17,413		20,123		19,874
Revenue per day filled (g) (l)	\$	1,587	\$	1,444	\$	1,486

- (a) On June 30, 2014, the Company acquired substantially all of the operating assets and certain liabilities of MSN. For the three months ended March 31, 2015 and December 31, 2014, \$0.1 million and \$2.5 million, respectively, of acquisition and integration costs were related to this acquisition. On December 2, 2013, the Company acquired the operating assets of On Assignment, Inc.'s Allied Healthcare staffing division. For the three months ended March 31, 2014, \$0.3 million of acquisition and integration costs were related to this acquisition. The results of MSN have been included in the Company's consolidated statements of operations since its date of acquisition.
- (b) The fourth quarter of 2014 includes non-cash impairment charges of \$10.0 million (\$9.1 million after taxes) related to Physician Staffing trade names.
- (c) When applying the if-converted method to our Convertible Notes for the three months ended March 31, 2015, 3,521,126 shares related to the Convertible Notes, issued in June 2014 in conjunction with the MSN acquisition, are included in diluted weighted average shares because their effect was dilutive. For the three months ended December 31, 2014, their effect was anti-dilutive.
- (d) Adjusted EBITDA, a non-GAAP (Generally Accepted Accounting Principles) financial measure, is defined as net income (loss) attributable to common shareholders before depreciation and amortization, interest expense, income tax expense (benefit), acquisition and integration costs, restructuring costs, legal settlement charge, (gain) loss on derivative liability, impairment charges, other expense (income), net, equity compensation, and net income attributable to noncontrolling interest in subsidiary. Adjusted EBITDA should not be considered a measure of financial performance under GAAP. Management presents Adjusted EBITDA because it believes that Adjusted EBITDA is a useful supplement to net income (loss) attributable to common shareholders as an indicator of operating performance. Management uses Adjusted EBITDA as one performance measure in its annual cash incentive program for certain members of its management team. In addition, management monitors Adjusted EBITDA for planning purposes. Adjusted EBITDA, as defined, closely matches the operating measure typically used in the Company's credit facilities in calculating various ratios. Management believes Adjusted EBITDA, as defined, is useful to investors when evaluating the Company's performance as it excludes certain items that management believes are not indicative of the Company's operating performance. Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by the Company's consolidated revenue.
- (e) Adjustments to net income attributable to common shareholders in the three months ended March 31, 2015 had the effect of changing the impact of applying the if-converted method on our Convertible Notes from being dilutive to being anti-dilutive. For the three months ended December 31, 2014, the adjustments to net loss attributable to common shareholders had the effect of converting the net loss to net income. As a result, potentially dilutive shares of 446,847 that were excluded in the unadjusted per share calculation have been included in the adjusted weighted average common shares outstanding - diluted.
- (f) Segment data provided is in accordance with the Segment Reporting Topic of the FASB ASC.
- (g) Effective January 1, 2015, the portion of MDA's allied health staffing business with attributes similar to the Nurse and Allied Staffing business is being reported in the Nurse and Allied Staffing segment. Prior period amounts have been reclassified to conform to the current period presentation.
- (h) Contribution income is defined as income (loss) from operations before depreciation and amortization, acquisition and integration costs, restructuring costs, impairment charges, and corporate expenses not specifically identified to a reporting segment. Contribution income is a financial measure used by management when assessing segment performance.
- (i) FTEs represent the average number of Nurse and Allied Staffing contract personnel on a full-time equivalent basis.
- (j) Average revenue per FTE per day is calculated by dividing the Nurse and Allied Staffing revenue by the number of days worked in the respective periods. Nurse and Allied Staffing revenue also includes revenue from permanent placement of nurses.
- (k) Days filled is calculated by dividing the total hours filled during the period by 8 hours and excludes accrued days filled.
- (l) Revenue per day filled is calculated by dividing the actual revenue invoiced by Physician Staffing by days filled for the period presented and it excludes permanent placement and accrued revenue.

Cross Country Healthcare, Inc.  
 William J. Grubbs, 561-237-6202  
 President and Chief Executive Officer  
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Source: Cross Country Healthcare, Inc.