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Thomas Keller

PRESENTATION

Operator

Greetings, and welcome to Allscripts' Third Quarter 2022 Earnings Conference Call. (Operator Instructions) As a reminder, this conference is being recorded. I would now like to turn the conference over to your host, Jenny Gelinas. Thank you. You may begin.

Jenny Gelinas - *Allscripts Healthcare Solutions, Inc. - VP of IR*

Thank you very much. Good afternoon, and welcome to the Allscripts Third Quarter 2022 Earnings Conference Call. Our speakers today are Rick Poulton, Allscripts' Chief Executive Officer; Tom Langan, President and Chief Commercial Officer; and Leah Jones, our Chief Financial Officer.

We will be making a number of forward-looking statements during the presentation and the Q&A part of the call. These statements are based on current expectations and involve a number of risks and uncertainties that could cause our actual results to vary materially. We undertake no obligation to revise these forward-looking statements in light of new information or future events. Please refer to our earnings release and SEC filings for more information regarding the risk factors that may affect our results. Please reference the GAAP and non-GAAP financial statements as well as the non-GAAP tables in our earnings release that are available on our Investor Relations website.

And with that, I'm going to hand the call over to Rick.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Okay. Thanks, Jenny, and thanks, everybody, for joining us on our third quarter call today. 5 weeks ago we hosted our Investor Day in New York City. I know many of you were able to join us either in person or virtually and heard directly from key members of our leadership team our strategy for creating value across our 3-sided network of providers, payers and life sciences clients. For those of you who were unable to participate, I do encourage you to view the webcast, which can still be accessed on our Investor Relations website. .

Over the course of that presentation, we laid out our business strategies in great detail, so I'll keep my prepared remarks, particularly brief today and just share a few thoughts on what I think investors and analysts should be focused on as they digest our third quarter results.

First, our team executed fabulously during the quarter. Our business continues to generate meaningful top line growth, 25-plus percent EBITDA margins and free cash flow conversion year-to-date of more than 20%. In terms of momentum, both gross profit and adjusted EBITDA margins expanded meaningfully on a year-over-year basis as well as sequentially from the second quarter. And our $34 million of free cash flow during the quarter brought our year-to-date total over $90 million, as far as we know, the highest of any company in health care services with an enterprise value below $2.5 billion.

We are proud of the fact that we laid out ambitious financial goals early this year, have maintained them all year long despite some bleak macroeconomic overhang, and are delivering results consistent with those goals through the first 9 months of the year.

Second, we are generating these results atop a rock solid balance sheet and have approximately $290 million of net cash as of quarter end. When I say approximately $290 million of net cash, obviously, our gross cash on hand is considerably higher than that. But embedded in that figure is our assumption that we will pay off the principal of our outstanding convertible bonds in cash when they come due.

Third, the new GAAP pronouncement that we recently adopted related to convertible bonds, it ignores this assumption about ultimately paying off the bonds and cash and it results in a significant increase in diluted share count relative to basic share count compared to what we have previously reported. Users of our financial statements are calculating common valuation metrics such as enterprise value to EBITDA must be careful to use the correct balances for cash and debt that correspond to the appropriate share count assumptions.

We encourage financial statement users to review our non-GAAP presentation in Table 4 of the press release, where we reconcile to an average fully diluted share count for the quarter of 113.3 million shares, which again reflects our assumption of paying off the principal value of the bonds and cash when they come due. Actual fully diluted share count at quarter end is, of course, somewhat lower than the average due to our share repurchases that happened throughout the quarter.

And then lastly, so considering all 3 of my points above, we believe that our stock currently trades at an unexplainable valuation discount to many of our peers in health care services. And as such, we expect to significantly increase our share repurchases in the fourth quarter compared to the levels we executed in Q3.

So with that, let me turn the call over to Tom Langan, our President and Chief Commercial Officer.

Thomas J. Langan - *Allscripts Healthcare Solutions, Inc. - President & CCO*

Thanks, Rick. I echo Rick's comments about the performance in the third quarter. We've built upon our solid second quarter and we're gaining momentum in the market. At our Investor Day, we outlined our business strategies. Today, I want to highlight some of those strategies in action by sharing details on some noteworthy wins in our payer, provider and life sciences business.

Let's begin with our payer business unit. We're capitalizing in this space through our comprehensive end-to-end portfolio. We continue to sign new health plan customers and expand our data and analytics solutions to current customers. Our payer team added 2 large Blues plans during the quarter. The first is a Midwestern Blue, managing one of the nation's largest Medicare Advantage plans. They acquired our core risk adjustment analytics and provider engagement solutions. Secondly, a Northeast-based Blues plan covering Medicare Advantage and the Affordable Care Act business lines, joined our clinical data exchange network. These deals covered over 5.2 million total lives and continue our expansion into the Blues market and our focus on new business.

We're seeing significant interest in our data submission and reconciliation offering for our health plan customers. This solution provides our clients full end-to-end visibility into the data submission process for government programs. We won 2 opportunities with a combined total contract value in excess of $5 million to move from a legacy partner solution to our own submissions platform. Adding these capabilities extends our product penetration with these existing customers to now provide a full complement of analytics and risk adjustment solutions.

I'm pleased about our success in the payer market. This is a very competitive market, and our ability to compete and win in this space is a testament to our strong solution portfolio and experienced team.

Turning now to our Life Science business. We had an excellent quarter as our de-identified data set, one of the largest outpatient data sets available continues to attract interest in new business via our direct to pharma partnership and marketplace sales channels. In the quarter, we partnered with a major biopharma company, who will be using our Veradigm real-world data for COVID research among other use cases. This opportunity represents more than $4 million in total contract value.

Beyond our de-identified data assets, we are seeing value in the mining of clinically relevant details in our unstructured notes assets. through the application of natural language processing. This relatively untapped market opportunity provides additional insights into the clinical patient journey. We believe this will be an area that can be of significant interest to our biopharma and our health plan clients as we anticipate widespread application in commercial and research-based use cases.

Turning now to our provider business unit, which focuses on supporting independent providers, our provider segment saw growth in both our Practice Fusion and our Veradigm EHRs as well as our financial solutions. Our EHR platforms provide practices of a choice based on their specific needs and size. These clinical platforms are complemented by our robust financial platforms, including practice management, clearinghouse, revenue cycle management and our patient engagement offering, FollowMyHealth. This suite of solutions provides the necessary capabilities for an independent practice to successfully operate a practice in today's environment.

During the quarter, to provide further -- to further provide our practices of the necessary tools for success, we announced an expansion of the Veradigm network via a partnership with Vitalize Health, a Medicare accountable care organization. This partnership enables our Practice Fusion clients the ability to remain independent yet participate in a value-based care model. Vitalize provides care coordination, clinical support and data analysis to enable better patient outcomes for Medicare patients with chronic conditions. Participation is completely optional, but by bringing this to our users, we believe we're adding value to their user experience. It's still early in the partnership, and we're encouraged by the level of interest in our client base. to learn more about how participating in an ACO could help improve outcomes, lower costs and improve the quality of care for patients.

We continue to see momentum in our revenue cycle portfolio as providers experience staffing shortages and their need for expertise in the business operations side of their practices continues to grow. The breadth of our financial management solutions from our practice management platform to our clearinghouse solution, to our revenue cycle offerings and patient engagement solutions is compelling and is resonating with our current and prospective clients. Year-over-year, the number of revenue cycle management deals has increased over 200% and the following deals signed during the third quarter are emblematic of what we're seeing.

We signed a 3-year deal with a pediatric behavioral health startup that provides both virtual and in-home services nationally. Their focus is on providing improved access to care for children with autism and other behavioral disorders. Veradigm will provide automated tools for insurance and patient billing through our practice management, clearinghouse and billing service offerings. This new relationship reflects a growing trend for behavioral health companies, seeking more advanced solutions to accommodate both growth and more complex business models.

Another new client win in the quarter was a 20-provider, 3-location orthopedic practice located in the Southwest. We turn to Veradigm due to the difficulty of finding experienced and trained staff that new ambulatory billing. Key people retired and other staff left the practice that were difficult to replace in the current job market, the Veradigm team demonstrated the right solution with our comprehensive full services revenue cycle management platform that will help to stabilize the current situation at this practice. This movement towards outsourcing of financial management capabilities is directly in our wheelhouse, and we look forward -- we will look to continue our recent success in this space.

To close, I am pleased with our performance this past quarter across all our business units, and I'm especially pleased with the momentum we are generating. We continue to focus on expanding the Veradigm network and providing value to our clients through our unique combination of offerings across our payer, provider and life science portfolios.

Now I'd like to turn the call over to Leah Jones, Allscripts Chief Financial Officer.

Leah Jones - *Allscripts Healthcare Solutions, Inc. - CFO*

Thank you, Tom. As both Rick and Tom mentioned, we are again pleased with our consistent and strong financial performance in the third quarter. As I noted last quarter, we are now back to clean reporting in Q3 with only adjustments for purchase accounting amortization, stock-based compensation and normalized tax rate, representing the differences between our GAAP and non-GAAP reporting. So with that overview, let me highlight a few items.

We saw nice year-over-year growth in revenue, gross profit, adjusted EBITDA and non-GAAP earnings per share, as well as an overall of improvement in margin consistent with our expectations. The Veradigm business segment saw year-over-year revenue growth of 6% during the quarter. And on a consolidated basis, revenue growth was 5%. The Veradigm provider business has a top line growth of 5%, slightly above our expectations. This growth was fueled by not only adding over 450 new practices during the quarter but also, as Tom mentioned, we have seen nice momentum in our revenue cycle business. As providers continue to experience staffing shortages as well as practice growth, our offerings in RCMS continue to experience increased demand.

The Veradigm Payer and Life Sciences business had some nice wins in the quarter, driving the year-over-year revenue growth of 10%. This top line growth also drove 37% improvement [net] in non-GAAP gross profit and raised gross margin over 1,200 basis points year-over-year. Veradigm's non-GAAP gross margin was 55.6%, up 630 basis points year-over-year, yielding another quarter of solid operating leverage.

As we move down the P&L, consolidated non-GAAP expenses in the third quarter remained relatively flat compared to both the first and second quarter. Again, we generated strong operating leverage with Veradigm reporting 27% year-over-year adjusted EBITDA growth in the quarter. This performance yielded an adjusted EBITDA margin of 30.1%, an increase of 500 basis points year-over-year. As a result of our strong margin performance, along with a lower share count, we reported a third quarter GAAP EPS of $0.12 per share and our non-GAAP EPS was $0.23 per share, which was up 10% year-over-year.

Moving on to cash. We had another solid quarter of free cash flow as we generated $42 million of cash flow from continuing operations and $34 million of free cash flow overall. Year-to-date, we have generated $90 million of free cash flow. Our trailing 12 months of free cash flow as a percentage of revenue is now running in the mid- to high teens. Consistent with our prior messaging on capital deployment, in the third quarter we repurchased 34 million of common stock through open market repurchases, leaving us with a net cash position of $286 million.

Now turning to our outlook for Q4 and full year 2022. We are maintaining our revenue guidance for full year as we are cognizant of the prior year comparables as well as the cyclical buying patterns in our market. I would like to provide more clarity in terms of the expectations by business unit. For the provider business, we have a tough comp related to Q4 of 2021 due to a large license sale at the end of the year. As a result, we anticipate a softer Q4 year-over-year growth performance in the provider business unit as compared to prior quarters.

Within Payer and Life Sciences business, we expect to see much stronger buyer patterns in Q4, which will rebound year-over-year growth as compared to Q3. With that background, we are reaffirming the full year guidance for Veradigm revenue, adjusted EBITDA and free cash flow. Veradigm revenue is anticipated to grow 6% to 7% year-over-year. The adjusted EBITDA to grow 10% to 15% year-over-year, and our consolidated free cash flow from continuing operations to be between $110 million and $120 million.

So to wrap it up, we are very pleased with the financial results across the business in the third quarter, and we look forward to maintaining this momentum as we finish up the year.

Now I would like to open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Stephanie Davis with SVB Securities.

Stephanie July Davis - *SVB Securities LLC, Research Division - Senior MD of Healthcare Technology and Distribution & Senior Research Analyst*

Congrats on a solid quarter. Rick, you have been dead set on turning this asset around and getting the street to notice. I hear it in the prior comments, I've seen it at the Investor Day. So with that set up in mind, can you tell us about the convert payoff? And can you tell us what other tricks you might have up your sleeve to kind of get folks to notice? .

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Well, I'll start with the first question. The pounding of the table, yes, I guess I'll just have to get more and more aggressive with that part of it. But I want to make sure we don't mislead anybody. We're not looking necessarily to early pay off the converts. They still have a couple of years left on their term, but we're operating with an assumption that, that's how we'll redeem them.

So -- what's important to understand is when you talk about either gross cash or net cash, you just have to line that up with the right number of shares if you're doing any of these valuation metric calculations. So that was my real point. There's no other message there per se. If we get an opportunity to bring those bonds in at a fair price, we'd certainly do it early. We picked up 10 million of those bonds a couple of years ago, for about a year ago, I should say, and redeemed them early. So we might do something like that again if the opportunities there.

But right now, I don't see that. They trade above par -- they trade above intrinsic value, and we're certainly not going to go spend money, we don't need to for them. But it is important that everybody keeps share count and debt and cash.

As to the second part of your question, Stephanie, look, we're just -- we're trying to make sure everybody sees us for who we are, mostly a reliable generator of above-average margins, above-average free cash flow. I'm saying this compared to others in our space, growing nicely. And I think with more interesting end market opportunities than most others as well. So we're hoping people start appreciating that. In the interim while they don't appreciate it, we'll busily gobble up as much stock as we can.

Stephanie July Davis - *SVB Securities LLC, Research Division - Senior MD of Healthcare Technology and Distribution & Senior Research Analyst*

So dovetailing on that last time about the market opportunity, there is a little bit of anxiety around the pharma IT wallet recently. Is there any commentary you would have on that?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Yes, that's understandable. I mean, certainly, other industries have seen a falloff in some of the media spend, some of the big tech companies reported some soft numbers. So I could see where the anxiety comes from.

All I can tell you is, so far, we're here the first week in November. So far, we have not seen any trends that scare us. So -- that's why we're really affirming our numbers for the year.

Operator

Our next question comes from Charles Rhyee with Cowen.

Charles Rhyee - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

Rick, obviously, right now at the current valuation, buying back stock is probably the most accretive use of cash. But can you also talk about what you're seeing in the market in potential other capabilities you could add to Veradigm here, either on the provider side or the payer and life science side?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Yes, we certainly -- I made the point on the second quarter call about how we really felt like with our capital foundation, cash on hand, the cash we're generating from the business that it was not going to be an either/or for us. I mean we could aggressively buy back stock and still consider tuck-in type acquisitions that made sense for long-term growth.

I still feel that way. I didn't amplify that as much today because of what I see as a particularly big disconnect in our share price. But we are doing work on opportunities, Charles. We're looking at them. We're just going to be really selective. We're going to be value buyers. We're not interested in overpaying for anything.

And so we'll keep watching. We think there'll be a window coming up where time will be on our side. As we all know, debt is getting more and more expensive. So that's creating more and more challenges for our people that are out there, and we think that will bode well for us.

Charles Rhyee - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

And have you seen valuations -- certainly, I think like last year, I know there's a lot of commentary that even as the public markets were retracing, private valuations were still fairly elevated. Have you started to see any kind of alignment where the private valuations are kind of coming back closer to where the total valuations are?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

I would say our reviews to date would suggest the valuations have corrected a lot quicker on the public side than the private side, Charles, which is in part why we're moving slow.

Charles Rhyee - *Cowen and Company, LLC, Research Division - MD & Senior Research Analyst*

Understood. And maybe one question for Leah. Obviously, the margins look great. When you look at the gross margins here in the quarter, is it fair to think that this is a good kind of jump up point to continue, these are -- would you say these are fairly sustainable as we go forward?

Leah Jones - *Allscripts Healthcare Solutions, Inc. - CFO*

Absolutely. They're in line with where we anticipated for the year, and we do not see any reason that it's not it's going to continue into the future. So I would say, yes, confirming that it's a good jump-off point.

Operator

Our next question comes from Sean Dodge with RBC Capital Markets.

Thomas Keller

This is Thomas Keller on for Sean. Just one for me. On the provider side of the business, can you guys talk about the CARES Act and the impact of any upcoming deadlines? Is certification in compliance with what the clients are really asking about, just trying to understand where the switching decisions are being made around it or I guess, if there's any notable impact on competitive dynamics.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Yes. Well, I'll start and then Tom can fill in. I mean the CARES Act puts some obligations on us as EHR providers to bring in fire-based standards, things like that. And those, of course, those modifications have to go through certification. We are well down that path, and you'll actually -- should expect to hear some formal announcements from us soon on that front.

But we guess would ultimately say that to me is we think of that as a bit of an anti to stay in this business, and we're -- we've been working on it for quite a while. And we expect to be fully compliant with all those requirements. So Tom, what else would you add, anything?

Thomas Keller

I would just say, to your point, I'd just echo what Rick said. I mean it's kind of table stakes if you're in the space from a requirement perspective, if you're going to be in the EHR, in the provider market, you have to be compliant. That's a top priority for us.

To your question about market dynamics and other competitors or just the market, we're not really seeing any noise about that. But I would say that we're on it and we're focused on it.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Yes. I think Tom, just one last point, I mean, maybe to the heart of what you're getting at. I think between the big providers, big providers like us and some of our competitors, I don't really think it's a competitive differentiator. Again, we've seen the tailwinds change.

However, it is still a very fragmented industry. And so further down the long tail of folks that are out there with tools in the marketplace, some of those sponsors may have a hard time fulfilling the requirements and getting the certification. So that it could lead to a little more industry concentration. And we would, of course, be a beneficiary of that.

Operator

Our next question is from George Hill with Deutsche Bank.

George Robert Hill - *Deutsche Bank AG, Research Division - MD & Equity Research Analyst*

I have this impression, Rick, of you buying back stock despite a market that's not paying any attention to you, which I think is absolutely the right thing to do. On that topic, I guess, are you able to provide any color around the expectation for the amount of stock that you guys will repurchase in Q4? And then I have a couple of quick follow-ups.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Thanks, George. Look, I can't -- we don't know what the stock will trade at next week, of course. So I'm not going to box myself into a number. But I would just -- my attitude coming into this call and through this call is we will ramp up significantly from where we are in Q3.

You may recall, we had a -- we got an authorization announced early this year. That was for $250 million. We've chewed through maybe 65%, 70% of that. But the Board is active and we can continue to talk to the Board, too. So a lot of it is ultimately going to be a function of what the market does for the next balance of the year, George. But you should -- if I'm a betting man, I'd expect a higher number -- a significantly higher number than we saw in Q3.

George Robert Hill - *Deutsche Bank AG, Research Division - MD & Equity Research Analyst*

Okay. That's helpful. And then, Tom, you talked a little bit about the RCM strength. And I guess this is kind of a two-pronged question there that speaks to RCM and what I'll call the provider-facing businesses. I guess if you could just talk a little bit more about what's driving RCM and competitive environment that you're seeing in that end market?

And then one of the things we're seeing in the provider-facing space is a lot of the larger companies are trying to use this current market as an opportunity to take price, a lot of them in advance of their CPI-related agreements. I guess I would just ask kind of what you're seeing there and kind of what your strategy is related to that. And if you guys see an opportunity there? And with those 2, I'll go back in the queue.

Thomas Keller

So I mean, to your first question, but just the overall environment from a revenue cycle perspective, I mean, we're seeing significant opportunities, as I commented earlier, both in primary care and other specialties to leverage the portfolio that we have. And we're -- and that's what we've seen from a year-over-year growth perspective.

As far as like CPI, to your second question, we're always looking -- we think, obviously, with inflation and everything going on right now, that it's appropriate at times from a price perspective to look at our pricing and evaluate it.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

George, we're no different than everybody else. We can't be in business right now. Everybody's costs are going up. So you can't be in business without thinking about price increases.

The provider client base kind of feels a lot of the pain of today. So they're not always the most flush. And so we want to make sure we don't do anything that ruins long-term relationships. But it's -- there's no question that we're thinking about pricing on every solution we bring to market right now.

George Robert Hill - *Deutsche Bank AG, Research Division - MD & Equity Research Analyst*

Yes. I just have a lot of you guys had kind of the CPI-based escalators building, but -- and I guess the question is, is the CPI-based escalator for you guys, I remember it was a 4 in front of the number with a 9 in front of it.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Different contracts evolved over time, George. I mean, if you had a pure CPI in every contract, I mean, you know what CPI, as you know what the number is. But yes, a lot of times some of those were subject to caps. Some of them are not based on CPI. They were at prenegotiated rate. Some -- you have it, things all over the place.

But the good news is we don't -- the contracts are not all long-term contracts. There tend to be shorter-term contracts here now that we're out of the hospital business. So the opportunity to put appropriate adjustments where we think it makes sense, is not that heavily constrained.

Operator

Our next question is from Cindy Motz with Goldman Sachs.

Cynthia Michelle Avella Motz - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

I just wanted to get into some of the business segments a little bit more. Leah, the provider segment, it actually looked like it did pretty well this quarter. And I know you've said that you have a tough comp. Obviously, fourth quarter of last year was tough, and it might be a little softer. But are you talking about just in terms of growth? Or I would expect we will still see a little bit sequentially, still a little up. Just looking for some clarification there.

And then on the provider life sciences, it looks like we are going to see then a nice ramp based on your guidance for fourth quarter. And then would you expect that then to continue? I know you're not giving longer-term guidance. But since you said about the cost, you expect that sort of level to continue. Any color on future revenue for provider or life sciences in where you gave guidance at the last Investor Day.

Leah Jones - *Allscripts Healthcare Solutions, Inc. - CFO*

Cindy, on the provider side, you have interpreted that right. The comp is what is causing us to call out that you will not see as much year-over-year growth isn't comparable, but we anticipate the business to still perform strong. And so I don't think the business is softening for us. I just think that comparable is hard. So I'm trying to set expectations that where we've had strong growth over the last quarter that you may not see that same number for quarter-over-quarter comparable. Does that make sense?

Cynthia Michelle Avella Motz - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Yes, it does.

Leah Jones - *Allscripts Healthcare Solutions, Inc. - CFO*

So business is still strong. I don't see it going down. So you should continue to see us post strong revenue numbers, just the comparable is hard. And then on the payer and life sciences side, yes, we know there's cyclical buying. We also know that from this current quarter, we had a 10% growth, we anticipate that, that should be higher in Q4 than it was in Q3.

In terms of next year, there's always cyclical buying. I don't have a prediction on that to declare any guidance thus far. But the business is strong, the momentum is there. So I don't anticipate seeing it falling off. But we will continue to see cyclical buying. So too early to tell what Q1 is right now, but I can tell you the momentum of the sales force and of that business in general is ramping up nicely.

Cynthia Michelle Avella Motz - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Okay. So basically, your -- the sort of rates that you talked about, like 20% to 25% for maybe that business, maybe not on every quarter basis, but on an annual basis might still hold maybe 4%, or 3% to 4% for providers. I think those were the ranges you gave. We can feel comfortable with that?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Yes. Those were our goals, Cindy, coming into the year. And as Leah said, we expect Q4 to be higher than what you saw in Q3. We obviously had a higher year-to-date number before Q3, too. And I would also -- we're going to stop short of giving 2023 guidance on this call. But I do feel it's appropriate for you to walk away thinking that 2023 is going to be a year also with growth higher than we saw in Q3 on that side of the business.

And that the range we started this year with is not out of bounds. So we're still firming up our plan and looks for next year. And again, we'll give our guidance later. But directionally, we feel pretty good about what I just said.

Leah Jones - *Allscripts Healthcare Solutions, Inc. - CFO*

I was going to say, Cindy, just to reconfirm our overall guidance still stands on revenue growth for the company as a whole.

Operator

Our next question is from Mike Cherny with Bank of America Merrill Lynch.

Unidentified Analyst

This is Dan Clark on for Mike. Two from us. First, just wondering if you've seen any changes in demand or customer conversations from the payer side of your business after the unveiling of 2024 star ratings where we saw a year-over-year decrease in 4-star plans?

Thomas Keller

Yes, we have. We've definitely seen an increase in activity and demand from our health plan customers. And so yes, we have seen market dynamics as a result of that.

Unidentified Analyst

Got it. And then just shifting gears a bit. It looks like the implied EBITDA margin for 4Q based on your guide is going to be down year-over-year after you posted 3 straight quarters of EBITDA margin expansion. Is there anything that you'd call out there that's driving that specifically?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

I'm not sure where you're getting that from, Dan. We're not projecting. Are you talking about a growth number, or are you talking about the absolute margin percentage?

Unidentified Analyst

Just the absolute margin percentage, I believe, should be -- comes out to like 31% versus 33% in 4Q of '21. Just curious if there's anything there. It could just be timing, we were just curious.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Yes. There is no story there. I'll have to check on the math, that doesn't sound right to me. But I mean you might be staring a different level of detail. I'm not. But there's no story there. I mean, these are solid numbers. I mean look at our year-to-date performance, look at -- the numbers you're citing in the 30s are pretty darn good numbers. So we feel pretty good about where we are. We'll finish the year with a higher margin than last year and with good momentum as we round the corner into 2023.

Operator

Our next question is from Eric Percher with Nephron Research.

Eric R. Percher - *Nephron Research LLC - Research Analyst*

Yes. Maybe I'll actually pick up on that last question. So loud and clear in terms of the margin stepping off point and outlook for improvement. Is there any seasonality we should be thinking about among the 2 businesses relative to where margins go from here?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Well, when you say 2 business, Eric, just to be clear, you're talking about the provider side and the payer and life science side?

Eric R. Percher - *Nephron Research LLC - Research Analyst*

Both.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

So if you looked at trending last year, you would have saw that Q4 was clearly the highest margin quarter on the payer and life science side. And we -- that was also true on the provider side. So Q4, because the volumes, buying patterns, et cetera, tend to produce the highest gross margins and tend to also -- have tended to also produce the highest EBITDA margins.

Last year, the tough comp anomaly that we talked about a little bit, we had a very large license sale in Q4 of last year. It was a license sale. It's pure profit. That had an extra skewing to last year's Q4 numbers. And so that might be at the heart of the last question, and maybe yours as well, in terms of a year-over-year comp.

But we -- more broadly, you're asking about seasonality, and you tend to see the highest performance for the year in Q4. And we wouldn't do anything to disabuse you of that thinking.

Eric R. Percher - *Nephron Research LLC - Research Analyst*

Right. Okay, so we're looking for a step up, not step down. And that seems to pencil out here by our math. I guess the other question would just be the dependency on Q4. I know it's only been 4 or 5 weeks, but have you seen visibility increase since Investor Day? And how much of this is visibility step up across both businesses as you get through Q4, or particularly in providers, really end of the quarter, last few days type thing?

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Look, the answer is a little bit of both, right? Do we know more today than we did 5 weeks ago when we saw -- we were talking to you from New York? Absolutely, we do. And we've closed some good deals since that time, which has further encouraged -- and further supported our belief that holding the guidance we had out there is the right thing to do.

But yes, I mean there's no question that particularly on the provider side, business kind of runs itself all the way to sometimes the last week of December. It's part of the behavior we've conditioned, I guess, over the last decade.

Eric R. Percher - *Nephron Research LLC - Research Analyst*

Condition may be on provider, but payer, the payer side and life sciences shouldn't look that dramatic.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Our clarity there grows earlier today. I mean you do get some late in the quarter, provider -- excuse me, payer business around clinical data exchange that comes in a little late. And some of our digital health or media kind of business also comes in a little late, Eric as well.

But I would say that piece of the business at an overall basis has gotten clearer since we met 5 weeks ago, more so even than the provider side.

Operator

We have reached the end of the question-and-answer session. I'd like to turn the call back over to Rick Poulton for closing comments.

Richard J. Poulton - *Allscripts Healthcare Solutions, Inc. - CEO & Director*

Okay. Well, thanks again for joining us today. Some really good questions. So we appreciate the thoughtfulness on those, and we will be back in touch with you soon. So everybody, take care, and we'll talk to you soon.

Operator

This concludes today's conference. You may disconnect your lines at this time, and we thank you for your participation.
