

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): **January 19, 2006**

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

000-32085

(Commission File Number)

36-4392754

(IRS Employer Identification No.)

222 Merchandise Mart Plaza, Suite 2024, Chicago, Illinois 60654

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(312) 506-1200**

(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 (*see* General Instruction A.2. below):

- 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))

Item 2.02. Results of Operations and Financial Condition. On January 19, 2006, Allscripts announced certain financial information pertaining to the quarter and year ended December 31, 2005. Further details are described in the press release issued by Allscripts on January 19, 2006, and furnished as Exhibit 99.1 hereto and incorporated herein by reference, and in portions of the investor call and webcast held on January 19, 2006 furnished as Exhibit 99.2 hereto and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are filed with this Report:

Exhibit 99.1 News release issued by Allscripts on January 19, 2006.

Exhibit 99.2 Portions of transcript from investor call and webcast held on January 19, 2006.

SIGNATURE

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

ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

Date: January 23, 2006

By: /s/ Lee A. Shapiro

Lee A. Shapiro
President



FOR IMMEDIATE RELEASE

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ALLSCRIPTS TO ACQUIRE A⁴ HEALTH SYSTEMS FOR \$272 MILLION

Allscripts and GE Agree to Modify IDX Strategic Alliance

**Allscripts Expects Strong 2005 Fourth Quarter Driven by Record
Clinical Software Sales in Excess of \$29 Million**

Chicago, IL – January 19, 2006 – Allscripts (Nasdaq: MDRX), the leading provider of clinical software, connectivity and information solutions that physicians use to improve healthcare, today announced it has signed a definitive agreement to acquire A⁴ Health Systems®, a leading provider of practice management and electronic health record (EHR) solutions for small and mid-sized physician groups, for approximately \$272 million in cash and stock. A⁴, which is privately held, has a customer base of over 1,600 healthcare organizations nationally and is a recognized leader in the markets they serve.

Allscripts also announced that it entered into an Amended Strategic Alliance Agreement with GE, the parent company of IDX Systems Corporation (IDX). Under the terms of the amended agreement, Allscripts existing alliance with IDX will continue through the five years remaining under the original agreement, supporting the ongoing integration and compatibility of the Allscripts and IDX products. GE will continue to offer Allscripts TouchWorks™ EHR within the IDX client base, in addition to its own

Centricity® Ambulatory EMR. The Agreement also allows Allscripts to enter the practice management systems (PMS) market and to offer an integrated practice management and EHR solution. Depending on the needs and size of the practice, Allscripts will offer the integrated A⁴ practice management/electronic health record solution, its TouchWorks™ EHR in combination with the A⁴ practice management system, or, for IDX practice management clients, TouchWorks™ EHR integrated with IDX Groupcast or Flowcast products.

“Our vision is to make our products indispensable to all physicians, from independent practitioners to the largest physician practice groups, academic medical centers and specialty groups, and today we are taking two significant strategic steps towards that goal,” said Glen Tullman, Chief Executive Officer of Allscripts. “The new GE/IDX agreement preserves the best parts of our long-term strategic alliance, while simultaneously opening up significant new opportunities in the \$10 billion physician practice market.”

Mr. Tullman continued: “Our acquisition of A⁴ adds an established leader with a strong product offering and robust sales channel in two significant and largely untapped market segments - small, independent physician practices and mid-sized medical practice groups. We will offer an integrated electronic health records/practice management system or, where appropriate, a combination of A⁴'s practice management system with TouchWorks™. Together with A⁴, we will extend our leadership to all market segments.”

A⁴ Transaction

The strategic acquisition of A⁴ will double Allscripts clinical software revenues and the size of its sales force, while significantly expanding Allscripts existing product portfolio and providing the company with an integrated EHR/PMS for small to mid-sized groups.

Headquartered in Cary, NC, with over 400 employees nationwide, A⁴ also provides emergency room and care management solutions to the multi-billion dollar hospital emergency department and discharge planning markets. Both are key points of connection with the electronic healthcare record.

In 2005, A⁴ generated revenues in excess of \$75 million, EBITDA of approximately \$15.5 million and net income of approximately \$8.3 million. The transaction consideration will consist of \$215 million in cash and 3.5 million Allscripts shares valued at approximately \$57 million, based on yesterday's closing price of \$16.30 per share. Allscripts intends to finance the acquisition using cash on hand and through the issuance of new common shares.

The transaction, which has been unanimously approved by the Board of Directors of each company, is expected to be accretive to Allscripts 2007 earnings. The acquisition is subject to A⁴ shareholder approval and other customary closing conditions, including the receipt of financing and regulatory approvals, and is expected to close in the first half of 2006. Upon closing of the transaction, John McConnell, A⁴'s Chief Executive Officer and an industry leader, will join Allscripts Board of Directors.

McConnell stated: "Allscripts and A⁴ are a natural fit that will provide a full suite of solutions to better serve the clinical and administrative needs of medical groups. The addition of A⁴'s PMS will enable the Company to compete more effectively where the majority of physicians practice, in medical groups with less than 25 physicians, where approximately 80% of clients purchase a combined solution."

Amended Strategic Alliance with General Electric

Under the terms of the Amended Strategic Alliance Agreement, GE and IDX have extended their commitment to support integration and compatibility of the Allscripts and IDX products for the next five years and beyond. During the next 18 months, GE and IDX will continue to market Allscripts TouchWorks™ EHR and GE's Centricity® solution to current customers and Allscripts will continue to market the combined Allscripts/IDX solution into the IDX base. New IDX clients will also continue to receive free interfaces from Allscripts. During this period, Allscripts has agreed not to market any acquired practice management system to current IDX customers. For new sales outside the existing IDX base, Allscripts and GE are free to offer their own respective practice management and EHR solutions without restriction.

Allscripts royalty obligations for sales to the existing IDX installed base will be reduced by 50% immediately and will then be phased out over time.

Tullman said, “The modification of our agreement reaffirms our commitment to working closely with GE and IDX to support our mutual clients and cooperate into the future. Clients value the many years we have invested in working together with IDX to ensure seamless interfacing and integration of our combined solution. The bottom line – IDX clients choose Allscripts because of our strong reference sites, product vision and leadership, rapid deployment experience, and committed people. Over the last few years, TouchWorks™ has become the proven, safe choice for IDX clients.”

Fourth Quarter Results

Allscripts also announced that it expects to report record total fourth quarter 2005 sales of approximately \$33.7 million. Clinical software sales are anticipated to be approximately \$29.2 million.

Tullman concluded, “Our strong fourth quarter clearly demonstrates the confidence our prospective and current clients have in Allscripts and our ability to deliver a world-class solution. These record sales are a testament to our solid traction in both the IDX and non-IDX client bases.”

The Company reiterated its earnings estimates of \$120 million in annual revenue and quarterly earnings per share (EPS) of \$0.09, excluding a previously disclosed \$0.01 per share option acceleration expense. A reconciliation of EPS excluding the option acceleration expense to GAAP EPS is included at the end of this press release.

Lehman Brothers is acting as exclusive financial advisor to Allscripts on this transaction. Sidley Austin LLP is acting as Allscripts legal advisor. UBS Investment Bank and Wryck Robbins Yates and Ponton LLP are serving as exclusive financial and legal advisors respectively, to A*.

Allscripts will host a live investor call and webcast Thursday, January 19 at 8:30 a.m. EST to discuss today’s announcement. To access the call, dial 1-800-374-0526 (international callers dial 706-634-5584) and enter passcode 4488454 or link to www.allscripts.com. A replay of the call will be available for one week after the event by dialing 1-800-642-1687 (international callers dial 706-645-9291) and entering passcode 4488454.

About Allscripts

Allscripts is the leading provider of clinical software, connectivity and information solutions that physicians use to improve healthcare. The Company provides unique solutions that inform, connect and transform healthcare. The Clinical Solutions Group's award-winning clinical software applications include Electronic Health Record, e-prescribing and document imaging solutions. Allscripts Physicians Interactive Group provides clinical product education and connectivity solutions for physicians and patients. The Company's Medication Services Group provides medication fulfillment services. To learn more, visit Allscripts on the Web at www.allscripts.com.

This announcement may contain forward-looking statements about Allscripts Healthcare Solutions that involve risks and uncertainties. These statements are developed by combining currently available information with Allscripts beliefs and assumptions. Forward-looking statements do not guarantee future performance. Because Allscripts cannot predict all of the risks and uncertainties that may affect it, or control the ones it does predict, Allscripts' actual results may be materially different from the results expressed in its forward-looking statements. Important factors upon which forward-looking statements presented in this release are premised include: (a) receipt of regulatory and shareholder approval and financing without unexpected delays; (b) timely implementations and execution of merger integration plans; (c) retention of customers and critical employees; and (d) successfully leveraging Allscripts/A⁴ product offerings to the combined customer base. In addition, the ability of Allscripts/A⁴ to achieve the expected revenues and accretion may be affected by competition, the effects of general economic and other factors beyond the control of Allscripts/A⁴. For a more complete discussion of the risks, uncertainties and assumptions that may affect Allscripts, see the Company's 2004 Annual Report on Form 10-K, available through the Web site maintained by the Securities and Exchange Commission at www.sec.gov.

Allscripts Earnings Per Share Reconciliation (Unaudited):

	Three Months Ended December 31,		For the Year Ended December 31,	
	2005	2004	2005	2004
Diluted net income per share -GAAP	\$ 0.08	\$ 0.03	\$ 0.23	\$ 0.07
Add: Stock-based compensation charge for acceleration of options	0.01	—	0.01	—
Diluted net income per share excluding stock-based compensation charge for acceleration of options	\$ 0.09	\$ 0.03	\$ 0.24	\$ 0.07

A⁴ Net Income Reconciliation
(\$ in millions - unaudited)

	<u>For the Year Ended December 31, 2005</u>
EBITDA	\$ 15.5
Depreciation and amortization	1.6
Interest income, net	(0.6)
	<hr/>
Earnings before income taxes	14.5
Income tax provision	6.2
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Net Income	\$ 8.3

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ALLSCRIPTS HEALTHCARE SOLUTIONS, INC.

Conference Call Transcript: January 19, 2006 8:30 a.m. ET

[PORTION OF TRANSCRIPT REDACTED.]

Bill Davis – Allscripts Healthcare Solutions Inc. – CFO:

Good morning everyone. I would just like to remind everyone that on this call, we may make forward-looking statements which involve risks and uncertainties. The statements made by Allscripts or its representatives in this conference call will include certain forward-looking statements that are based on the current beliefs of Allscripts' management, as well as assumptions made by and information currently information currently available to Allscripts' management.

Wherever practical, Allscripts will identify these forward-looking statements by using words such as may, will, expects, anticipates, believes, intends, estimates, could or similar expressions. These forward-looking statements are subject to a variety of risks and uncertainties, including those listed in the earnings press release issued by Allscripts today and in Allscripts' filings with the Securities and Exchange Commission, which could cause Allscripts' actual results, performance, prospects or opportunities in 2006 and beyond to differ materially from those expressed in or implied by these forward-looking statements.

Except as required by the federal securities laws, Allscripts undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this release. With that said, I'd like turn the call back over to our CEO, Glen Tullman.

[PORTION OF TRANSCRIPT REDACTED.]

Now I will into briefly run through our expected Q4 results which are the strongest results in the Company's history. It is with a lot of excitement and pride that we're announcing that we estimate Q4 of 2005 sales to be approximately \$33.7 million; again, a record for Allscripts. Clinical software sales are expected to be approximately 29.2 million, or 73.9 million for the entire year, also new records for Allscripts. Our results reflect the significant progress that we have made within the IDX base. Our sales force truly understands the IDX client base and has built relationships over the years with key leaders in these accounts with responsibility for making the decision on clinical solutions. The physician leadership plays an important role in these transactions and we invested time and resources to understand their needs so we can deliver unprecedented value to them today as well as in the future.

We will report our full-year results on January 31, but we continue to expect approximately \$120 million in revenue and earnings per share of \$0.24 for the year and \$0.09 for the fourth quarter. Both earnings-per-share amounts exclude our previously disclosed \$0.01 per share option acceleration expense that we recorded in December. GAAP earnings-per-share is expected to be

\$0.23 and \$0.08 for the year and quarter, respectively, given the effect of that \$0.01 per share stock-based compensation.

[PORTION OF TRANSCRIPT REDACTED.]

Operator: Jay Hingorani, Thompson & Co.

Jay Hingorani – Thompson & Co. – Analyst: Gentleman, good morning. [PORTION OF TRANSCRIPT REDACTED.] Software and related services, the 29.2, that – you’re leaving information services out of that, right?

Bill Davis – Allscripts Healthcare Solutions Inc. – CFO: That is correct.

Jay Hingorani – Thompson & Co. – Analyst: So it’s just software and services, 29.2 out of the 33.7?

Bill Davis – Allscripts Healthcare Solutions Inc. – CFO: Yes, and the delta between the two would be our physicians that are active bookings.

Jay Hingorani – Thompson & Co. – Analyst: Okay. What about – that doesn’t included meds?

Bill Davis – Allscripts Healthcare Solutions Inc. – CFO: No, it does not include meds.

Jay Hingorani – Thompson & Co. – Analyst: [PORTION OF TRANSCRIPT REDACTED.] And then we’re still talking about \$0.09 and then a penny for the options, right?

Bill Davis – Allscripts Healthcare Solutions Inc. – CFO: That’s correct.

[PORTION OF TRANSCRIPT REDACTED.]

Operator: Gene Mannheimer, Caris & Co.

Gene Mannheimer – Caris & Co – Analyst: Okay, thank you. And just turning to the preliminary Q4 results, very impressive clinical software sales. Is that to suggest the medication management sales were down markedly over the prior year in quarters?

Bill Davis – Allscripts Healthcare Solutions Inc. – CFO: Just to clarify, because you’re the second person that has brought that up, the booking number that I reported only pertains to our clinical software and our physicians interactive business. We always exclude from that the medication business. So this is bookings, this is not revenue. The 33.7 is a bookings number, as well as the 29.2 million. So, is that clear?

Gene Mannheimer – Caris & Co – Analyst: Yes, thank you.

[PORTION OF TRANSCRIPT REDACTED.]

Glen Tullman – Allscripts Healthcare Solutions Inc. – CEO: Thank you very much. Let me close with just a few comments.

[PORTION OF TRANSCRIPT REDACTED.]

And finally, in terms of the sales in the fourth quarter, there were a lot of questions about what would happen to our sales in the fourth quarter, and some people who were worried about IDX were worried about whether or not we could deliver. I think we made it clear, our sales force came through. I was shooting for 30 million or above; they delivered 29.2. [PORTION OF TRANSCRIPT REDACTED.]