

Year Ended December 31, 2018 Compared with the Year Ended December 31, 2017

The United States Tax Cuts and Jobs Act (the “Tax Act”) was enacted on December 22, 2017 and introduced significant changes to the income tax law in the United States. Effective in 2018, the Tax Act reduced the United States statutory tax rate from 35% to 21% and created new taxes on certain foreign-sourced earnings and certain related-party payments, which are referred to as the Global Intangible Low-taxed Income (“GILTI”) tax and Base Erosion and Anti-Abuse Tax (“BEAT”) rules, respectively. In addition, in 2017 we were subject to a one-time transition tax on accumulated foreign subsidiary earnings not previously subject to income tax in the United States.

Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, we made reasonable estimates of the effects and recorded provisional expense of \$15.3 million in our financial statements for the year ended December 31, 2017 in accordance with guidance in Staff Accounting Bulletin No. 118 (“SAB 118”), which allowed a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. This provisional benefit included \$10.1 million expense for remeasurement of deferred tax balances to reflect the lower federal rate and expense of \$5.2 million for the one-time transition tax on accumulated foreign subsidiary earnings not previously subject to income tax in the United States. Adjustments to these provisional amounts that we recorded in 2018 did not have a significant impact on our consolidated financial statements. Our accounting for the effects of the enactment of United States Tax Reform is now complete. Due to our divestiture of our investment in Netsmart, the amounts noted above do not include the provisional amounts recorded by Netsmart in 2017.

Our provision for income taxes differs from the tax computed at the U.S. federal statutory income tax rate due primarily to valuation allowance, permanent differences, income attributable to foreign jurisdictions taxed at rates different from the United States federal statutory income tax rate, state taxes, tax credits and certain discrete items. Our effective tax rate decreased for the year ended December 31, 2018, compared with the prior year, primarily due to the effects of the stricter executive compensation deduction provisions of the Tax Act recorded in 2018, offset by the United States federal rate reduction of 21% versus 35% in 2017.

In evaluating our ability to recover our deferred tax assets within the jurisdictions from which they arise, we consider all available evidence, including scheduled reversals of deferred tax liabilities, tax-planning strategies, and results of recent operations. In evaluating the objective evidence that historical results provide, we consider three years of cumulative operating income (loss). In the year ended December 31, 2018, we released \$64.8 million of valuation allowance, mostly due to the utilization of capital loss carryforward against capital gain incurred during the year ended December 31, 2018 and the utilization of federal credit carryforwards.

Discontinued Operations

(In thousands)	Year Ended December 31,			2019 % Change from 2018	2018 % Change from 2017
	2019	2018	2017		
Loss from discontinued operations	\$ 0	\$ (72,836)	\$ (11,915)	(100.0%)	NM
Gain on sale of Netsmart	0	500,471	0	(100.0%)	NM
Income tax effect on discontinued operations	0	(32,497)	42,263	(100.0%)	(176.9%)
Income (loss) from discontinued operations, net of tax	\$ 0	\$ 395,138	\$ 30,348	(100.0%)	NM

Year Ended December 31, 2019 Compared with the Years Ended December 31, 2018 and 2017

On December 31, 2018, we sold all of the Class A Common Units of Netsmart owned by the Company. Prior to the sale, Netsmart comprised a separate reportable segment, which due to its significance to our historical consolidated financial statements and results of operations, is now reported as a discontinued operation as a result of the sale for all periods presented. The loss from discontinued operations represents the net of losses incurred by Netsmart for the years ended December 31, 2018 and 2017 partly offset by earnings attributable to two solutions acquired during the fourth quarter of 2017 as part of the EIS Business that we no longer support effective as of March 31, 2018. Refer to Note 17, “Discontinued Operations” to our consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of this Form 10-K for additional information regarding discontinued operations.

Non-Controlling Interests

(In thousands)	Year Ended December 31,			2019 % Change from 2018	2018 % Change from 2017
	2019	2018	2017		
Net loss attributable to non-controlling interests	\$ 424	\$ 4,527	\$ 1,566	(90.6%)	189.1%
Accretion of redemption preference on redeemable convertible non-controlling interest - discontinued operations	\$ 0	\$ (48,594)	\$ (43,850)	(100.0%)	10.8%