

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

INTEGRAMED AMERICA INC  
Form 10-K  
March 22, 2005

=====

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
-----

FORM 10-K

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

For the fiscal year ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 0-20260

INTEGRAMED AMERICA, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

06-1150326  
(I.R.S. Employer Identification No.)

Two Manhattanville Road  
Purchase, New York  
(Address of principal executive offices)

10577  
(Zip Code)

(914) 253-8000  
(Registrant's telephone number, including area code)  
-----

Securities registered pursuant to Section 12(b) of the Act:  
None

Securities registered pursuant to Section 12(g) of the Act:  
Common Stock, \$.01 par value

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 X No

-----  
Indicate by check mark if disclosure of delinquent filer pursuant to Item  
405 of Regulation S-K (17 CFR 229.405) is not contained herein, and will not be  
contained, to the best of registrant's knowledge, in definitive proxy or  
information statements incorporated by reference in Part III of this Form 10-K  
or any amendment to this Form 10-K []

Indicate by check mark whether the registrant is an accelerated filer (as  
defined in Exchange Act Rule 12b-2). Yes\_\_ No X

# Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

-----

Aggregate market value of voting stock (Common Stock, \$.01 par value) held by non-affiliates of the Registrant was approximately \$14.3 million on June 30, 2004 based on the closing sales price of the Common Stock on such date.

The aggregate number of shares of the Registrant's Common Stock, \$.01 par value, outstanding was approximately 3,686,000 on February 28, 2005.

=====

## DOCUMENTS INCORPORATED BY REFERENCE

See Part III hereof with respect to incorporation by reference from the Registrant's definitive proxy statement for the fiscal year ended December 31, 2004 to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 and the Exhibit Index hereto.

## PART I

### ITEM 1. Business

#### Company Overview

IntegraMed America, Inc. (the "Company") offers products and services to patients and providers in the fertility industry. The IntegraMed Network is comprised of twenty-five fertility centers in major markets across the United States, pharmaceutical products and services, patient financing products and services, the Council of Physicians and Scientists, and a leading fertility portal ([www.integrated.com](http://www.integrated.com)). Seventeen Affiliate fertility centers purchase discrete service packages provided by the Company and seven fertility centers (eight as of January 1, 2005) have access to the entire portfolio of products and services under the comprehensive FertilityPartners(TM) program. All twenty-five fertility centers have access to the Company's consumer services, principally pharmaceutical products and patient financing products and services. The Company was incorporated in Delaware on June 4, 1985.

We maintain a website at [www.integrated.com](http://www.integrated.com) to provide information to the general public and our shareholders on our products, resources and services, along with general information on IntegraMed and its management, career opportunities, financial results and press releases. Copies of our most recent Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q or our other reports filed with the Securities and Exchange Commission, or SEC, can be obtained, free of charge as soon as reasonably practicable after such material is electronically filed with, or furnished to the SEC, from our Investor Relations Department by calling 914-253-8000, through an e-mail request from our Investor Information web page at [www.integrated.com](http://www.integrated.com), through the SEC's website by clicking the direct link from our website at [www.integrated.com](http://www.integrated.com) or directly from the SEC's website at [www.sec.gov](http://www.sec.gov). Our website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K.

Our Board of Directors has adopted a Code of Business Conduct that is applicable to all of our directors, officers and employees, a copy of which is attached as an exhibit to this annual report. Any material changes made to our Code of Business Conduct or any waivers granted to any of our directors and executive officers will be publicly disclosed by filing a current report on Form 8-K. A copy of our Code of Business Conduct as well as charters for our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, which comply with the corporate governance rules of NASDAQ, are available on our website at [www.integrated.com](http://www.integrated.com). In addition, a copy of such

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

documents is also available to our shareholders upon request by contacting our Investor Relations Department by calling 914-253-8000 or through an e-mail request from our website at [www.integrated.com](http://www.integrated.com).

Industry -- Reproductive Medicine

Reproductive medicine encompasses the medical discipline that focuses on male and female reproductive systems and processes. There are many reasons why couples have difficulty conceiving, and accurate identification of a specific cause of infertility can be time consuming, expensive and requires access to specialized diagnostic and treatment services. Many gynecologists do not have the time or interest to perform a complete evaluation of the infertile couple and therefore often bypass detailed diagnostic testing. Instead, they often provide initial medical treatment of infertility, without extensive diagnosis, by prescribing a drug called clomiphene citrate, which helps to correct ovulatory problems. This treatment is fairly inexpensive and often resolves the problem if the only obstacle to pregnancy is, in fact, an ovulatory problem. It is generally recommended that women receive this therapy for no more than three to six ovulatory cycles. If pregnancy has not occurred, referral should be made to a fertility specialist who can offer more advanced treatments. Fertility specialists are gynecologists who perform more sophisticated medical and surgical fertility diagnosis and treatments. Reproductive endocrinology refers to the diagnosis and treatment of all hormonal problems that lead to abnormal reproductive function or have an effect on the reproductive organs. Reproductive endocrinologists are physicians who have completed four years of residency training in obstetrics and gynecology and have at least two years of additional training in an approved subspecialty fellowship program.

Conventional fertility services include diagnostic tests performed on the female, such as endometrial biopsy, laparoscopy/hysteroscopy examinations and hormone screens, and diagnostic tests performed on the male, such as semen analysis. Depending on the results of the diagnostic tests performed, treatment options may include, among others, fertility drug therapy to stimulate regular and predictable ovulation, artificial insemination and fertility surgeries to

2

correct anatomical problems. Procedures that require gametes (sperm and eggs) to be handled in vitro (outside the body) are classified as assisted reproductive technology ("ART") services. Current types of ART services include in vitro fertilization ("IVF"), gamete intrafallopian transfer ("GIFT"), zygote intrafallopian transfer ("ZIFT"), tubal embryo transfer, frozen embryo transfer and donor egg programs. IVF represents the most frequently employed form of ART. Current techniques used in connection with IVF services include intracytoplasmic sperm injection ("ICSI"), assisted hatching, cryopreservation of embryos and blastocyst culture and transfer.

There are currently approximately 45,000 obstetricians/gynecologists in the United States of which approximately 1,200 specialize in providing fertility services as reproductive endocrinologists. There are approximately 420 centers across the country that provide ART services. These centers are predominantly staffed by reproductive endocrinologists. Approximately one-third of the ART centers are hospital-based and two-thirds are physician-office based. As ART has become more sophisticated, more predictable and less experimental, there has been a clear shift of services out of hospitals and into physician offices. Compared to other medical niches, the fertility services industry is concentrated among relatively few providers and few manufacturers of medications and devices.

Infertility is generally defined as the inability to conceive after one or

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

more years of a couple having unprotected intercourse. According to The American Society for Reproductive Medicine in recently published data, it is estimated that approximately 10% of couples, or more than 6 million couples, have impaired fertility. According to the 1999-2000 Dorland Biomedical Healthcare Marketplace Guide, the annual expenditures relating to fertility services are approximately \$2 billion. The Company believes that multiple factors over the past several decades have affected fertility levels. A demographic shift in the United States toward the deferral of marriage and first birth has increased the age at which women are first having children. This, in turn, increases the incidence of infertility, making conception more difficult, thereby increasing the demand for ART services. Fortunately, technological advances in the treatment of infertility, especially IVF, have enhanced treatment outcomes and the prognoses for many couples.

Currently, many health plan sponsors provide some coverage for the treatment of infertility. Because patients seeking fertility treatment often have other gynecological symptoms, health plans may cover diagnostic expenses even when infertility treatment itself, is not a covered benefit. Currently, there are several states that mandate offering benefits of varying degrees for fertility services, including ART services. In some states, the mandate is limited to an obligation on the part of the payer to offer the benefit to employers. In Massachusetts, Rhode Island, Maryland, Arkansas, Illinois, Hawaii and New Jersey the mandate requires coverage of conventional fertility services, as well as ART services. In addition to various initiatives to broaden coverage, several legislative initiatives are emerging as a driving force behind making fertility services more readily available. Finally, the 1998 Supreme Court ruling that reproduction is a major life activity covered under the Americans with Disability Act (the "ADA") led to an Equal Employment Opportunity Commission administrative ruling that a New York company discriminated against one of its employees by not providing insurance coverage for fertility services.

ART services are the most rapidly growing segment of the fertility market. According to the Society of Assisted Reproductive Technology ("SART"), approximately 10,000 ART procedures were performed in 1987. Latest data, for 2002, indicates over 115,000 ART procedures are performed annually in the United States. There is reason to believe that the market will continue to grow in the future for the following reasons: (i) the quality of ART treatments is improving, increasing the success rates; (ii) improvements in embryo culture media and implantation rates are leading to the capability of reducing high order multiple pregnancies - one of the greatest risk factors of ART services; (iii) with improving pregnancy rates, the cost of treatment is decreasing thereby making high technology services more affordable; (iv) new ART services that improve embryo quality and the likelihood of pregnancy, such as blastocyst culture and transfer, continue to emerge fueling an expansion of the industry; (v) the improving relationship between cost and quality is causing physicians to substitute more effective ART treatments for less effective conventional fertility services; (vi) public policy initiatives including legislative mandates for insurance coverage and the definition of reproduction as a major life activity covered by the ADA are producing a more favorable reimbursement climate; and (vii) demand for ART services is increasing through greater public awareness and acceptance of ART services.

The market conditions producing business opportunities for the Company include: (i) the high level of specialized skills and technology required for comprehensive patient treatment; (ii) the capital-intensive nature of acquiring and maintaining state-of-the-art medical equipment, laboratory and clinical facilities; (iii) the need to develop and maintain specialized management information systems to meet the increasing demands of technological advances, patient monitoring and third-party payers; (iv) the need for seven-days-a-week service to respond to patient needs and to optimize the outcomes of patient treatments; (v) the high cost of treatment with inadequate insurance benefits in most markets; and (vi) the high cost of pharmaceutical products requiring

patient education and support.

3

### Company Strategy

The Company's strategy is to align information, technology and finance for the benefit of fertility patients, providers, and payers. The primary elements of the Company's strategy include: (i) expanding the IntegraMed Provider Network into new major markets; (ii) increasing the number and value of service packages purchased by members of the IntegraMed Provider Network; (iii) entering into additional FertilityPartners(TM) contracts; (iv) increasing revenues at contracted FertilityPartners(TM) centers; (v) increasing the number of Shared Risk Refund(TM) treatment packages (as defined below) sold to patients of the IntegraMed Provider Network and managing the risk associated with the Shared Risk Refund program; (vi) increasing sales of pharmaceutical products and services; and (vii) developing Internet-based access to personalized health information.

#### (i) Expand the IntegraMed Provider Network

The Company will seek to expand the IntegraMed Provider Network to cover additional major market areas across the country. The Company will primarily focus the IntegraMed Provider Network development activities on major markets with populations in excess of one million because the demographics of consumers who access fertility services are consistent with the demographics of most major metropolitan markets. In addition, the relatively low percentage of the affected population that seek treatment requires a large population base to support a sophisticated fertility center. The Company believes high quality fertility centers are capable of drawing consumers from approximately a one hundred mile radius or more if alternatives are unavailable. It is the Company's belief that these market dynamics would allow the Company to cover a large percentage of the national population by expanding the IntegraMed Provider Network to the fifty largest metropolitan markets across the country.

The entry point for fertility centers participating in the IntegraMed Provider Network is as an Affiliate clinic. Contracted fertility centers that become Affiliates have access to the Company's products and services that support patient recruitment. Included in this program are (i) Shared Risk Refund treatment packages (as described below), (ii) treatment financing and (iii) Internet marketing. The Company licenses these programs on an exclusive basis in each defined market area.

#### (ii) Increase the Number and Value of Service Packages sold to Participating Fertility Centers

The Company has a portfolio of discrete service packages that are sold to fertility centers participating in the IntegraMed Provider Network. The Company's service offerings include:

FertilityWeb(TM) - a Web Site development, hosting and marketing service that helps contracted fertility centers develop and maintain a modern, transaction oriented Web Site. Web Sites for contracted fertility centers are built with a technology known as Dynamic Site Rendering Engine ("DSRE"). DSRE also contains a web editing tool that permits anyone with a common web browser to maintain the Web Site to ensure it is up to date. Contracted fertility centers also gain access to additional web site visitors by virtue of their placement on [www.integrated.com](http://www.integrated.com), the Company's industry leading web site.

FertilityPurchase(TM) - a group purchasing program exclusively available to fertility centers participating in the IntegraMed Provider Network. The focus of

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

the FertilityPurchase program is on high cost disposable supplies, laboratory reagents and capital equipment used by fertility centers in diagnosing and treating infertility. The Company is working to extend this program to include other products and services that fertility centers commonly purchase in the ordinary course of business, including insurance, computers and medical supplies.

FertilityMarKit(TM) - a package of award-winning marketing and sales programs that have helped contracted fertility centers to grow faster than the average rate for the industry. This service includes access to the Company's proprietary marketing collateral material library of ads, brochures, fliers and announcements. In addition, the Company conducts quarterly sales and marketing training seminars, offers a media buying service and produces radio and television ads and educational videos.

ARTWorks(R) Clinical Information System - a proprietary clinical information system focused exclusively on the unique requirements of providing clinical care to patients seeking fertility treatment. Owned and maintained by the Company, ARTWorks Clinical Information System is distributed on an application services provider ("ASP") model. Under this model, the Company maintains the application in its dedicated data center in New York. Contracted fertility centers only need to gain access to the application with an appropriate telecommunication link and maintain their own local area network to utilize the application. The benefit of the ASP model is that the Company's customers do not need to invest in expensive hardware or licensing fees to gain access to the application. The Company has also optimized the application by developing and maintaining an interface with commonly used laboratory equipment and the Company's chosen practice management and financial information systems.

4

ARTWorks Practice Management Information System - based on the Misys Optimum system, is an information system that enables contracted fertility centers to have a sophisticated scheduling, billing and accounts receivable system. The Misys system is also offered on an ASP model, which permits contracted fertility centers to gain access to a powerful practice management system at a fraction of the cost of traditional installation. This system has been customized to the unique requirements of fertility centers and has helped contracted fertility centers to maintain excellent performance on managing accounts receivable.

FertilityPartners(TM) - fertility centers that contract for this program, receive a comprehensive, turnkey fertility center operation, may use the "Reproductive Science Center" designation and have access to the Company's entire portfolio of services including: (i) administrative services, including accounting and finance, human resource functions, and purchasing of supplies and equipment; (ii) access to capital and servicing and financing patient accounts receivable; (iii) marketing and sales; (iv) integrated information systems; and (v) assistance in identifying best clinical practices.

### (iii) Entering in to FertilityPartners(TM) Contracts

Fertility centers participating in the FertilityPartners program are entitled to the Company's full service support. The Company will primarily focus its FertilityPartners contracting efforts on fertility centers participating as Affiliates in the IntegraMed Provider Network. These Affiliate fertility centers have contracted with the Company for more limited, discrete service packages and have developed a good working relationship with the Company. This good working relationship mitigates risk associated with the Company making the with capital investments that are part of the FertilityPartners program. The Company believes that a number of factors will contribute to the successful transition of certain

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Affiliate fertility centers in the IntegraMed Provider Network to the FertilityPartners program. These factors include: (i) the high quality reputation of the Company in providing services in the areas of fertility and ART services; (ii) the Company's expertise in assisting its customers in increasing revenues and maintaining cost efficient operations; (iii) the Company's success in improving patient outcomes by providing laboratory support services to the FertilityPartners program; and (iv) the capital intensive nature of operating modern, sophisticated fertility centers and the difficulty most physician groups have in accessing sufficient capital.

### (iv) Increasing Revenues from FertilityPartners(TM) Contracts

The Company expects to increase revenues derived under its FertilityPartners contracts by: (i) sponsoring mergers with smaller fertility physician group practices; (ii) making available expanded laboratory and ART services at the fertility centers, thereby increasing revenues per patient; and, (iii) making available increased marketing and sales support to fertility centers.

### (v) Increasing the Number of Shared Risk Refund Treatment Packages Sold and Managing the Associated Risk

The Company will seek to increase the number of Shared Risk Refund treatment packages sold directly to consumers. The Shared Risk Refund program was established at Shady Grove Fertility Reproductive Science Center ("Shady Grove") - the leading fertility center in the metropolitan Washington, DC area, a FertilityPartner and a member of the IntegraMed Provider Network. Based on the experience at Shady Grove, the Company developed an actuarial model that allows pricing a treatment package to consumers. The Company's Shared Risk Refund program consists of a package that includes up to three cycles of in vitro fertilization with fresh embryos and three cycles with frozen embryos for one fixed price with a significant refund if the patient does not deliver a baby. Under this innovative financial program, the Company receives payment directly from consumers who qualify for the program and pays contracted fertility centers a defined reimbursement for each treatment cycle performed.

To manage the risk associated with the Shared Risk Refund program, the Company has developed a pre-authorization and a case management program. The pre-authorization is a structured process of collecting pre-treatment diagnostic information on each patient seeking enrollment in the Shared Risk Refund program. By evaluating clinical information the Company can assess the likelihood of any individual achieving pregnancy. In addition, each patient enrolled in the Shared Risk Refund program is evaluated as part of a case management program to continually assess response to treatment. Both the pre-authorization program and the case management program help to manage the risk fundamental to the Shared Risk Refund program.

### (vi) Increasing Sales of Pharmaceutical Products and Services

The Company will continue its efforts, all of which except (iv) below are outsourced to ivpcare, inc., to expand the pharmaceutical products and services line by: (i) providing Education Matters(TM) - a comprehensive patient educational support program; (ii) packaging products in the Cycle Kit(TM) - a unique packaging system that provides patients with all supplies and instructions for proper utilization of medication; (iii) minimizing cost to patients and payers by implementing Cycle Track(TM) - a fertility pharmaceutical

case management system that dispenses only the required amount of medication for

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

patients to complete their treatment; (iv) implementing an aggressive marketing and sales program in cooperation with ivpcare, inc. (the supplier of pharmaceuticals to IntegraMed Pharmaceutical Services, Inc., a wholly-owned subsidiary of the Company ("IPSI")); and (v) expanding the offering beyond the FertilityPartners centers to the entire IntegraMed Provider Network.

### (vii) Developing Internet-Based Access to Personalized Health Information

The Company will continue to develop [www.integrated.com](http://www.integrated.com) as a leading fertility portal. The web site has provided a direct marketing infrastructure that allows the Company to offer efficient transaction processing capability for consumers and affiliated fertility centers. Currently consumers can participate in an on-line tutorial, subscribe to an on-line newsletter, apply for an appointment, apply for treatment financing, apply for the Shared Risk Refund program and apply to become an egg donor. All transactions are logged to an Oracle database housed in the Company's data center. In addition, contracted fertility centers receive patient inquiries and referrals as appropriate.

### Core Competencies

The Company's service packages are constructed from core competencies. In particular, the Company's core competencies include: (i) administrative services, including accounting and finance, human resource functions, and purchasing of supplies and equipment; (ii) access to capital and servicing and financing patient accounts receivable; (iii) marketing and sales; and (iv) integrated information systems.

By providing fertility centers with access to these resources, the Company enables contracted fertility centers to achieve improved efficiencies and business outcomes.

#### (i) Administrative Services

The Company provides administrative services to FertilityPartner centers, including: (i) accounting and finance services, such as billing and collections, accounts payable, payroll, and financial reporting and planning; (ii) recruiting, hiring, training and supervising all non-medical personnel; and (iii) purchasing of supplies, pharmaceuticals, equipment, services and insurance.

#### (ii) Access to Capital

The Company provides FertilityPartner centers with a significant competitive advantage through immediate access to capital for expansion and growth. The Company also offers physician providers in its network rapid access to the latest technologies and facilities in order for them to provide a full spectrum of services and compete effectively for patients in the marketplace. For example, the Company has built several new facilities that include an embryology laboratory for certain fertility centers, thereby enabling them to expand their service offerings to include a number of services (including laboratory and ART services) which had previously been outsourced. The Company believes that access to these facilities and new technologies has improved the ability of the fertility centers to offer comprehensive high quality services, expand the revenue base per patient, and compete effectively.

The Company provides fertility centers with accelerated operating capital through its receivable financing program. For a fertility center, this means access to funds upon billing for services rather than waiting for the collection of the accounts receivable which normally occurs 15 to 60 days after treatment.

#### (iii) Marketing and Sales



## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

The Company's marketing and sales department specializes in the development of sophisticated marketing and sales programs giving fertility centers access to business-building techniques to facilitate growth and development. In today's highly competitive health care environment, marketing and sales are essential for the growth and success of fertility centers. However, these marketing and sales efforts are often too expensive for many physician practice groups. Affiliation with the IntegraMed Provider Network provides physicians access to significantly greater marketing and sales capabilities than would otherwise be available. The Company's marketing services focus on revenue and referral enhancement, relationships with local physicians, media and public relations and managed care contracting.

### (iv) Integrated Information System

The Company is using its established base of fertility centers to continuously develop a nationwide, integrated information system, called ARTWorks(TM), to collect and analyze clinical, patient, financial and marketing data. The Company believes it is able to use this data to control expenses, measure patient outcomes, improve patient care, develop and manage utilization

6

rates and maximize reimbursements. The Company also believes this integrated information system allows the fertility centers to more effectively compete for and price managed care contracts, in large part because an information network can provide these managed care organizations with access to patient outcomes and cost data.

### FertilityPartners Contracts

As of December 31, 2004, the Company had a FertilityPartners contract with seven fertility centers, which in turn employ and/or contract with the physicians.

### Current FertilityPartners Contracts

As of December 31, 2004, the Company had contracts with seven fertility centers consisting of 30 locations in 10 states and the District of Columbia, as follows:

Fertility Centers -----	State -----	Number of Locations -----
Reproductive Science Center of Boston.....	MA, NH & RI	4
Reproductive Science Center of the Bay Area Fertility and Gynecology Medical Group....	CA	3
Fertility Centers of Illinois.....	IL	10
Shady Grove Fertility Reproductive Science Centers.....	MD, VA & DC	8
IVF Florida .....	FL	3
Reproductive Endocrine Associates of Charlotte	NC	1

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Seattle Reproductive Medicine.....

WA

1

In addition to the above seven fertility centers, effective January 1, 2005, the company contracted with an eighth clinic comprised of five locations and six physicians practicing in the Southern California market.

### Establishing FertilityPartners Contracts

In establishing a FertilityPartners contract, the Company typically: (i) acquires certain assets of a fertility center; (ii) enters into a long-term services agreement with the fertility center under which the Company provides comprehensive services; and (iii) assumes the principal administrative and financial functions of the fertility center. In addition, the Company typically requires (a) that the fertility center enter into long-term employment agreements containing non-compete provisions with the affiliated physicians and (b) that each of the physician shareholders of the fertility center enter into a personal responsibility agreement with the Company. Typically, the fertility center's related medical practice contracting with the Company is a professional corporation in which certain of, or all of, the physicians are the shareholders.

Typically, the FertilityPartners contracts obligate the Company to pay a fixed sum for the exclusive right to service the fertility center, a portion or all of which is paid at the contract signing with any balance to be paid in future annual installments. The agreements are typically for terms of 10 to 25 years and are generally subject to termination due to insolvency, bankruptcy or material breach of contract. Generally, no shareholder of the fertility center may assign his interest in the fertility center without the Company's prior written consent.

The FertilityPartners contract provides that all patient medical care at a contracted fertility center is to be provided by the physicians of the fertility center and that the Company generally is responsible for providing defined services to the fertility center. The Company provides the equipment, facilities and support necessary to operate the fertility center and employs substantially all such other non-physician personnel as are necessary to provide technical, consultative and administrative support for the patient services at the fertility center. Under the agreements, the Company may also advance funds to the fertility center for providing new services, utilize new technologies, fund projects, purchase the net accounts receivable, provide working capital or fund mergers with other physicians or physician groups.

Under all seven FertilityPartners agreements, the Company receives as compensation for its services a three-part fee comprised of: (i) a variable percentage of net revenues generally up to 6%; (ii) reimbursed costs of services (costs incurred in providing services to a fertility center and any costs paid on behalf of the fertility center); and (iii) a fixed percentage of earnings after the initial service fees which currently ranges from 10% to 20%.

7

Recent changes to the FertilityPartners program follow:

On April 26, 2002, the Company signed a FertilityPartners agreement with the Margate, Florida based Northwest Center for Infertility and Reproductive Endocrinology ("NCIRE"). Under the terms of the 15-year agreement, the Company's service fees are comprised of reimbursed costs of services, a tiered percentage of revenues, and an additional fixed percentage of NCIRE earnings.

On September 1, 2003, the Company signed a FertilityPartners agreement with the Charlotte, North Carolina based Reproductive Endocrinology and Andrology of

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Charlotte ("REACH") physician practice. Under the terms of this 15-year agreement, the Company's service fees are comprised of reimbursed costs of services, a tiered percentage of revenues, and an additional fixed percentage of REACH's earnings.

On January 1, 2004, the Company signed a FertilityPartners agreement with the Seattle, Washington based Seattle Reproductive Medicine, Inc., P.S. ("SRM") physician practice. Under the terms of this 15-year agreement, the Company's service fees are comprised of reimbursed costs of services, a tiered percentage of revenues, and an additional fixed percentage of SRM's earnings.

On January 1, 2005, the Company signed a FertilityPartners agreement with the Reproductive Partners Medical Group, Inc ("RPMG") based in Southern California. Under the terms of this 25-year agreement, the Company's service fees are comprised of reimbursed costs of services, a tiered percentage of revenues, and an additional fixed percentage of RPMG's earnings.

On November 25, 2002, IntegraMed announced the ending of its FertilityPartners agreement with RSA of New York. The agreement ended on November 15, 2003. RSA of New York serves the Long Island market and revenues for the four quarterly periods ending immediately prior to the announcement were \$9.1 million. The program had a contribution of \$750,000 for the same period.

The Company reports all fees as "Revenues, net." Direct costs incurred by the Company in performing its services and costs incurred on behalf of the fertility centers are recorded in "cost of services incurred". The physicians receive as compensation all remaining earnings after payment of the Company's compensation.

### Physician Employment Agreements

Employment agreements between the fertility centers and physicians generally provide for an initial term ranging from three to five years. The term may be automatically renewed at successive intervals unless the physician or the fertility center elects not to renew or such agreement is otherwise terminated for cause or the death or disability of a physician. The physicians are paid by the fertility center based upon either the number of procedures performed or other negotiated formulas agreed upon between the physicians and the fertility center, and the fertility centers provide the physicians with health, death and disability insurance and other benefits. The fertility centers are obligated to obtain and maintain professional liability insurance coverage, procured on behalf of the physicians. Pursuant to the employment agreements, the physicians agree not to compete with the fertility center with which they have contracted during the term of the agreement and for a certain period following the termination of such employment agreement. In addition, the agreements contain customary confidentiality provisions.

### Affiliate Care/Satellite Service Agreements

Fertility centers may also have affiliate care agreements and satellite service agreements with physicians who are not employed by the fertility center. Under an affiliate care agreement, the fertility center contracts with a physician to provide certain services for the fertility center's patients, such as endocrine/ultrasound monitoring, or ART services.

### Pharmaceutical Services

Our wholly-owned subsidiary, IPSI, markets fertility-related pharmaceutical products to patients and providers in the IntegraMed Provider Network. IPSI contracts with ivpcare, inc., a licensed pharmacy specializing in dispensing pharmaceutical products, which provides certain business services to IPSI.

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

### Financing Subsidiary

IntegraMed Financial Services, Inc. ("IFS"), a wholly owned subsidiary of the Company, arranges financing to qualified patients of the IntegraMed Provider Network at rates significantly lower than credit cards and other finance

8

companies. IFS is administered by a third party vendor, which provides administrative management services to IFS. The loans are made to qualified patients by a third party bank. The patient makes payment directly to the medical practice. The bank pays a placement fee to the Company. Such revenue is recorded when the Company receives the cash at the time of closing the transaction.

### Council of Physicians and Scientists

The Company's Council of Physicians and Scientists (the "Council"), comprised mostly of representatives from the IntegraMed Provider Network, was established in 1996 to bring together leaders in reproductive medicine and embryology to promote a high quality clinical environment in the IntegraMed Provider Network. The Council meets twice each year and conducts monthly teleconferences on topics related to improving infertility treatment and diagnosis. The Council publishes its recommendations and the Company's staff follows up on implementing Council recommendations. The Council reviews and recommends accepting or denying additional physicians who want to join the IntegraMed Provider Network based on objective clinical credentialing criteria.

### Assisted Reproductive Technology Insurance Company

As of January 1, 2005, the Company assisted in the organization of, and obtained a minority equity interest in, an offshore captive insurance company designed to offer malpractice insurance to members of its network. The majority of the equity of the captive insurance company is owned by physician practices which are members of the IntegraMed network. Beginning January 1, 2005, this captive insurance company began providing the majority of the malpractice insurance coverage to FertilityPartner members of the IntegraMed network.

### Reliance on Third-Party Vendors

IPSI, as well as all medical providers who deliver services requiring fertility medication, are dependent on three third-party vendors that produce such medications (including but not limited to: Lupron, Follistim, Repronex, GonalF and Pregnyl) that are vital to treating infertility and ART services. Should any of these vendors experience a supply shortage, it may have an adverse impact on the operations of the IntegraMed Provider Network. To date, the IntegraMed Provider Network has not experienced any such adverse impacts.

### Competition

The business of providing health care services is intensely competitive and providers strive to find the most cost-effective method of providing quality health care. Although the Company focuses on medical groups that provide fertility and ART services, it competes for contracts with other health care services and management companies, as well as hospitals and hospital-sponsored management services organizations. If federal or state governments enact laws that attract other health care providers to the managed care market, the Company may encounter increased competition from other institutions seeking to increase their presence in the managed care market and which have substantially greater resources than the Company. There can be no assurance that the Company will be able to compete effectively with its current competitors. Nor can there be

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

assurance that additional competitors will not enter the market, or that such competition will not make it more difficult to enter into Affiliate or FertilityPartner contracts on terms beneficial to the Company.

The fertility industry is highly competitive and characterized by technological improvements. New ART services and techniques may be developed that may render obsolete the ART services and techniques currently employed at the fertility centers. Competition in the areas of fertility and ART services is largely based on pregnancy and other patient outcomes. Accordingly, the ability of a fertility center to compete is largely dependent on its ability to achieve adequate pregnancy rates and patient satisfaction levels.

### Government Regulation

As a participant in the health care industry, the Company's operations and its relationships with the FertilityPartners centers and the IntegraMed Provider Network are subject to extensive and increasing regulation by various governmental entities at the Federal, state and local levels. These include, but are not limited to, Federal and State Anti-Kickback Laws, Federal and State Self-Referral Laws, False Claim Laws, Federal and State Controlled Substances laws and regulations and Anti-Trust Laws. The Company believes its operations and those of the FertilityPartners centers are in material compliance with applicable health care laws. Nevertheless, the laws and regulations in this area are extremely complex and subject to changing interpretation and many aspects of the Company's business and business opportunities have not been the subject of federal or state regulatory review or interpretation. Accordingly, there is no assurance that the Company's operations have been in compliance at all times with all such laws and regulations. In addition, there is no assurance that a court or regulatory authority will not determine that the Company's past, current or future operations violate applicable laws or regulations. If the Company's interpretation of the relevant laws and regulations is inaccurate, there could be a material adverse effect on the Company's business, financial condition and operating results. There can be no assurance that such laws will be interpreted in a manner consistent with the Company's practices. There can be

9

no assurance that a review of the Company or the fertility centers by courts or regulatory authorities will not result in a determination that would require the Company or the fertility centers to change their practices. There also can be no assurance that the health care regulatory environment will not change so as to restrict the Company's or the fertility centers' existing operations or their expansion. Any significant restructuring or restriction could have a material adverse effect on the Company's business, financial condition and operating results.

Corporate Medical Practice Laws. The Company's operations may be subject to state laws relating to corporations practicing medicine. State laws may prohibit corporations other than medical professional corporations or associations from practicing medicine or exercising control over physicians, and may prohibit physicians from practicing medicine in partnership with, or as employees of, any person not licensed to practice medicine. Furthermore, operations in California, Maryland and Illinois may be subject to fee-splitting prohibitions. State law may also prohibit a corporation other than professional corporations or associations (or, in some states, limited liability companies) from acquiring the goodwill of a medical practice. The Company believes its operations are in material compliance with applicable state laws relating to the corporate practice of medicine. The Company performs only non-medical administrative services, and in certain circumstances, clinical laboratory services. The Company does not represent to the public that it offers medical services. In

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

each state, the fertility center is the sole employer of the physicians, and the fertility center retains the full authority to direct the medical, professional and ethical aspects of its medical practice. However, although the Company believes its operations are in material compliance with applicable state corporate practice of medicine laws, the laws and their interpretations vary from state to state, and are enforced by regulatory authorities who have broad discretionary authority. There can be no assurance that these laws will be interpreted in a manner consistent with the Company's practices or that other laws or regulations will not be enacted in the future that could have a material adverse effect on the Company's business, financial condition and operating results.

Health Insurance Portability and Accountability Act. The recently enacted Health Insurance Portability and Accountability Act ("HIPAA") was designed to reduce the amount of administrative waste in healthcare today and to further protect the privacy of any patient's medical information. HIPAA regulations identify certain standards for both manual processes and automated processes and systems handling patient medical information. The HIPAA regulations relating to privacy of medical information were implemented on April 14, 2003. HIPAA regulations related to standard data formats and data sets for electronic transaction processing were implemented on October 16, 2003. Additional HIPAA regulations for security are scheduled to be implemented in April 2005. The HIPAA regulations may impose the need for additional required enhancements of the Company's internal systems. While the Company will incur costs to become compliant with the HIPAA regulations, management believes the regulations will not have a significant overall impact on the Company's results of operations.

### Liability and Insurance

Providing health care services entails a substantial risk of potential medical malpractice and similar claims. The Company does not itself engage in the practice of medicine or assume responsibility for compliance with regulatory requirements directly applicable to physicians, and therefore requires associated fertility centers to maintain medical malpractice insurance. In general, the Company has established a program that provides the fertility centers with such required insurance. However, in the event that services provided at the fertility centers or any affiliated medical practice are alleged to have resulted in injury or other adverse effects, the Company is likely to be named as a party in a legal proceeding.

Although the Company currently maintains liability insurance that it believes is adequate in risk and amount, successful malpractice claims could exceed the limits of the Company's insurance and could have a material adverse effect on the Company's business. Moreover, there is no assurance that the Company will be able to obtain such insurance on commercially reasonable terms in the future or that any such insurance will provide adequate coverage against potential claims. In addition, a malpractice claim asserted against the Company could be costly to defend, could consume management resources and could adversely affect the Company's reputation and business, regardless of the merit or eventual outcome of such claim. In addition, in connection with the asset acquisition of certain fertility centers, the Company may assume some of the fertility center's stated liabilities. Therefore, an entity may assert claims against the Company for events related to the fertility center prior to its becoming a FertilityPartner. The Company maintains insurance coverage related to those risks that it believes is adequate as to the risks and amounts, although there is no assurance that any successful claims will not exceed applicable policy limits.

There are inherent risks specific to the provision of ART services. Currently, fertility medication is critical to most ART services and a ban by the United States Food and Drug Administration or any limitation on its use would have a material adverse effect on the Company. Furthermore, ART services

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

increase the likelihood of multiple births, which are often premature and may result in increased costs and complications.

10

### Employees

As of March 1, 2005, the Company had 800 employees. Of these, 763 are employed at the FertilityPartners contracted fertility centers and 37 are employed at the Company's headquarters, including 9 who are executive management. Of the Company's employees, 120 persons at the FertilityPartners contracted fertility centers are employed on a part-time basis. The Company is not a party to any collective bargaining agreement and believes its employee relationships are good.

### Segment Information

The Company is principally engaged in providing products and services to the fertility market. For disclosure purposes, the Company recognizes services offered to its network of fertility centers and its pharmaceutical distribution operations as separate reporting segments. The services segment includes revenue and costs categorized as FertilityPartners Service Fees and FertilityDirect revenue, as follows (000's omitted):

	Corporate	Services	Pharmaceutical Distribution	Con
For the Year ended December 31, 2004				
Percentage of total revenues.....	0.0%	85.4%	14.6%	
Revenues.....	\$ (21)	\$91,936	\$15,738	
Cost of Services.....	--	80,657	15,188	
Contribution.....	(21)	11,279	550	
General and administrative costs.....				
Interest, net.....				
Income before income taxes.....				
Depreciation expense included above....				
Capital expenditures.....	543	7,119	--	
Total assets.....	13,016	40,051	8,778	
For the Year ended December 31, 2003				
Percentage of total revenues.....	(0.2)%	82.8%	17.4%	
Revenues.....	\$ (182)	\$77,571	\$16,301	
Cost of Services.....	--	67,403	15,830	
Contribution.....	(182)	10,168	471	
General and administrative costs.....				
Interest, net.....				
Income before income taxes.....				
Depreciation expense included above....				
Capital expenditures.....	440	7,195	--	
Total assets.....	8,753	43,491	3,050	

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

For the Year ended December 31, 2002

Percentage of total revenues.....	(0.4)%	78.0%	22.4%
Revenues.....	\$ (322)	\$68,813	\$19,709
Cost of Services.....	--	59,953	18,396
Contribution.....	(322)	8,860	1,313
General and administrative costs.....			
Interest, net.....			
Income before income taxes.....			
Depreciation expense included above....			
Capital expenditures.....	238	1,792	--
Total assets.....	10,214	35,403	1,827

11

### Significant Service Contracts

For the years ended December 31, 2004, 2003, and 2002 the following fertility centers each individually provided greater than 10% of the Company's Revenues, net and/or contribution as follows:

	Percent of Company Revenues, net			Percent of Contribution		
	2004	2003	2002	2004	2003	2002
Boston.....	11.3	10.4	10.8	13.4	13.9	13.9
Long Island.....	--	5.1	10.0	--	6.4	6.4
Illinois.....	25.6	27.9	27.7	22.3	26.4	26.4
Shady Grove.....	21.5	20.7	17.7	24.9	25.0	25.0
Bay Area.....	7.7	7.7	7.4	6.8	8.6	8.6

### ITEM 2. Properties

The Company's headquarters and executive offices are in Purchase, New York, where it occupies approximately, 18,600 square feet under a lease expiring in 2012 at a monthly rental ranging from \$29,500 to \$51,100.

The Company leases, subleases, and/or occupies, pursuant to its FertilityPartners agreements, each fertility center location from third-party landlords. Costs associated with these agreements are included in "Cost of services rendered" and are reimbursed to the Company as part of its fee; reimbursed costs are included in "Revenues, net".

The Company believes its executive offices and the space occupied by the fertility centers are adequate.

### ITEM 3. Legal Proceedings

In June 2002, the Company was served with a complaint, captioned WINFertility, Inc. vs. IntegraMed America, Inc., in which the plaintiff filed an



## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

action in the Supreme Court of New York, Westchester County, alleging breach of contract and seeking damages in excess of \$5 million. The Company had retained WINFertility in April 2001 to provide claims management services in connection with the Company's Shared Risk Refund Program. WINFertility failed to provide the services for which the Company contracted and the Company terminated the contract in May 2002. Subsequent legal proceedings were resolved in January 2005. A judgment for \$246,000 was rendered against the Company in January 2005, primarily because the jury found the Company failed to give the required 30-day notice of termination under the agreement.

On November 12, 2003 an action captioned South Broward Hospital District vs. Wayne S. Maxson, M.D. et. al. was filed against, among others, the Company and one of its FertilityPartners, in the Broward County Florida Circuit Court alleging that the Company had interfered with the contractual relationship between the Hospital and certain individuals. The Company and the other defendants have filed a motion to dismiss the Complaint, which is scheduled to be heard in March 2005. Moreover, the Company believes that if the Company's motion to dismiss is denied, the Company has meritorious defenses to the claims and that the likelihood of the suit having a material adverse effect on the financial position, results of operations or the cash flow of the Company is remote.

There are other minor legal proceedings to which the Company is a party. In the Company's opinion, the claims asserted and the outcome of such proceedings will not have a material adverse effect on the financial position, results of operations or the cash flow of the Company.

### ITEM 4. Submission of Matters to a Vote of Security Holders

None.

12

## PART II

### ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's Common Stock has been traded on The NASDAQ National Market under the symbol "INMD" since the Company's formal name change in June 1996 and prior to the name change under the symbol "IVFA" since May 21, 1993. Prior thereto, the Company's Common Stock had been trading on the NASDAQ Small Cap Market since October 8, 1992. The following table sets forth the high and low closing sales price for the Common Stock, as reported on The NASDAQ National Market.

	Common Stock	
	High	Low
	----	----
2003		
----		
First Quarter.....	6.60	4.75
Second Quarter.....	6.35	4.76
Third Quarter.....	7.50	5.03
Fourth Quarter.....	7.30	6.00
2004		

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

-----		
First Quarter.....	8.44	6.12
Second Quarter.....	8.25	5.71
Third Quarter.....	7.31	5.50
Fourth Quarter.....	13.26	5.91

On March 11, 2005, there were approximately 80 holders of record of the Common Stock and approximately 2,600 beneficial owners of shares registered in nominee or street name.

The Company has not paid dividends on its Common Stock during the last two fiscal years. The Company currently anticipates that it will retain all available funds for use in the operation and expansion of its business, and therefore, does not anticipate paying any cash dividends on its Common Stock for the foreseeable future.

The Company has two stock option plans all of which have been approved by the Company's shareholders. The following table sets forth certain information relative to our stock option plans.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensa- tion plans (excluding securities reflected in column (c))
-----	-----	-----	-----
	(a)	(b)	(c)
Equity compensation plans approved by security holders.....	467,770	\$4.80	73,734
Equity compensation plans not approved by security holders.....	--	--	--
	-----	-----	-----
Total.....	467,770	\$4.80	73,734
	=====	=====	=====

On October 15, 2002, the Company completed its redemption of the outstanding 165,644 shares of the Series A Cumulative Convertible Preferred Stock (the "Preferred Stock") for \$10.30 per share in accordance with the Certificate of Designation for the Preferred Stock.

Unregistered shares of Common Stock and warrants to purchase shares of Common Stock were issued during 2002, as described in the following paragraphs in reliance of Section 4(2) of the Securities Act of 1933.

In 2002, the Company issued an aggregate of 37,640 shares of restricted Common Stock to members of the Company's Board of Directors and officers of the Company. These shares had a market value on the date of issuance of \$249,000.

In 2002, the Company issued an aggregate of 7,089 shares of restricted Common Stock to the physician partners of the Northwest Center for Fertility and

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Reproductive Endocrinology, in connection with the FertilityPartners agreement. These shares had a market value of \$45,000 on the date of issuance.

During 2002, the Company took advantage of market conditions and engaged in a private placement of its Common Stock and issued 220,000 shares of Common Stock and 88,000 warrants to purchase Common Stock with a net market value of \$1,375,000. The warrants became exercisable on January 31, 2003 and expire on January 31, 2006. The Company filed a registration statement to cover the resale of the Common Stock and the resale of the Common Stock underlying the warrants. The additional equity raised was intended for general corporate purposes. In addition, 17,600 warrants were issued to the underwriter of the private placement, which became exercisable July 30, 2002 and expire July 30, 2007.

In 2003, the Company issued an aggregate of 58,345 shares of restricted Common Stock to members of the Company's Board of Directors and officers of the Company. These shares had a market value on the date of issuance of \$417,000.

In 2004, the Company issued an aggregate of 33,000 shares of restricted Common Stock to members of the Company's Board of Directors and officers of the Company. These shares had a market value on the date of issuance of \$211,000.

### ITEM 6. Selected Financial Data

The following selected financial data (for the years ended December 31, 2004, 2003, 2002, 2001 and 2000 are derived from the Company's consolidated financial statements and should be read in conjunction with the financial statements, related notes, and other financial information included elsewhere in this Annual Report on Form 10-K.

#### Statement of Operations Data :

	December 31,			
	2004	2003	2002	2001
	(in thousands, except per share amount)			
Revenues, net.....	\$107,653	\$93,690	\$88,200	\$73,898
Costs of services incurred.....	95,845	83,233	78,349	64,013
Contribution.....	11,808	10,457	9,851	9,885
General and administrative expenses.....	9,789	8,761	8,097	7,827
Total other expenses, net.....	36	(16)	52	102
Income before taxes.....	1,983	1,712	1,702	1,956
Provision (benefit) for income taxes.....	797	668	562	(4,557)
Net income.....	1,186	1,044	1,140	6,513
Less: Dividends paid and/or accrued on Preferred Stock.....	--	--	69	133
Net income applicable to Common Stock .....	\$1,186	\$ 1,044	\$ 1,071	\$ 6,380
Basic EPS.....	\$0.33	\$ 0.31	\$ 0.33	\$ 2.07
Diluted EPS.....	\$0.32	\$ 0.29	\$ 0.31	\$ 2.01
Weighted average shares - basic.....	3,554	3,413	3,195	3,081

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

	=====	=====	=====	=====
Weighted average shares - diluted.....	3,716	3,586	3,468	3,175
	=====	=====	=====	=====

### Balance Sheet Data:

	December 31,			
	2004	2003	2002	2001
	(in thousands)			
Working capital (1).....	\$302	\$3,294	\$2,939	\$ 4,208
Total assets .....	61,845	55,294	47,444	44,621
Total indebtedness.....	5,240	7,511	1,410	2,691
Accumulated deficit.....	(13,430)	(14,616)	(15,660)	(16,800)
Shareholders' equity.....	34,443	32,850	31,557	30,615

(1) Represents current assets less current liabilities.

14

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of the financial condition and results of operations of the Company for the three years ended December 31, 2004. It should be read in conjunction with the Company's Consolidated Financial Statements, the related notes thereto and other financial and operating information included in this Form 10-K.

#### Overview

IntegraMed America, Inc. (the "Company") offers products and services to patients and providers in the fertility industry. The IntegraMed Network is comprised of twenty-five fertility centers in major markets across the United States, pharmaceutical products and services, a financing subsidiary, the Council of Physicians and Scientists, and a leading fertility portal ([www.integrated.com](http://www.integrated.com)). Seventeen Affiliate fertility centers purchase discrete service packages provided by the Company and seven fertility centers (eight as of January 1, 2005) have access to the entire portfolio of products and services under the comprehensive FertilityPartners(TM) program. All twenty-five centers have access to the Company's consumer services, principally pharmaceutical products and patient financing products.

The Company's strategy is to align information, technology and finance for the benefit of fertility patients, providers, and payers. The primary elements of the Company's strategy include: (i) expanding the IntegraMed Provider Network into new major markets; (ii) increasing the number and value of service packages purchased by members of the IntegraMed Provider Network; (iii) entering into additional FertilityPartners(TM) contracts; (iv) increasing revenues at contracted FertilityPartners(TM) centers; (v) increasing the number of Shared Risk Refund treatment packages sold to patients of the IntegraMed Provider Network and managing the risk associated with the Shared Risk Refund program; (vi) increasing sales of pharmaceutical products and services; and (vii) developing Internet-based access to personalized health information.

Major events impacting financial condition and results of operations

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

On April 26, 2002, the Company signed a FertilityPartners agreement with the Margate, Florida based Northwest Center for Infertility and Reproductive Endocrinology ("NCIRE"). Under the terms of the 15-year agreement, the Company's service fees are comprised of reimbursed costs of services, a tiered percentage of revenues, and an additional fixed percentage of NCIRE earnings. The Company invested approximately \$2 million to fund the construction and equipping of a new state-of-the-art facility to house the clinical practice and embryology laboratory for NCIRE and its patients.

On July 30, 2002, the Company completed a private placement of 220,000 shares of its Common Stock at \$6.25 per share and warrants to purchase 88,000 shares of Common Stock at an exercise price of \$9.00 per share, resulting in gross proceeds of \$1,375,000. The warrants become exercisable commencing January 31, 2003 and will expire on January 31, 2006. Additionally, warrants to purchase 17,600 shares of Common Stock at an exercise price of \$6.25 per share were issued to the underwriter in connection with the private placement. These warrants became exercisable July 30, 2002 and will expire on July 30, 2007.

On November 25, 2002, the Company announced the ending of its FertilityPartners agreement with RSA of New York. The agreement ended on November 15, 2003. RSA of New York serves the Long Island market and revenues for the four quarterly periods ending prior to the announcement were \$9.1 million. The program had a contribution of \$750,000 for the same period. At the time of the announcement, the Company evaluated its exclusive business rights asset associated with RSA of New York and reduced that asset to its realizable value by adjusting the asset downward by \$350,000.

During 2003, the Company negotiated revised fee structures on three of its existing FertilityPartner contracts. In all three of these contracts, the timetable for the phase-in of that portion of the fee reductions which are based on the earnings of the underlying fertility centers was delayed by one year. Beginning in the year 2006, two of these revised contracts, also contain a maximum limit on the amount of fees the Company can earn, which are based on the earnings of the underlying fertility centers. These maximum limitations are below the fees earned by the Company on these portions of the contracts in 2004. The third contract contains no maximum limitation. The Company believes that these fee limitations will be more than offset by volume based increases in fees earned in other areas of its existing contracts, the sale of new FertilityPartner contracts and growth in its FertilityDirect business unit.

15

In July 2003, the Company amended its existing credit agreements with FLEET NATIONAL BANK, a Bank of America Company (Fleet). The amended agreement is comprised of a renewal of the Company's \$7.0 million three-year working capital revolver and a new \$5.75 million three year term loan, of which \$0.75 million was used to retire the outstanding balance on the Company's previous term loan. The Company believes that these credit facilities will be sufficient to fund its current operational, capital investment and acquisition plans.

On September 1, 2003, the Company signed a FertilityPartners agreement with the Charlotte, North Carolina based Reproductive Endocrinology and Andrology of Charlotte ("REACH") physician practice. Under the terms of this 15-year agreement, the Company's service fees are comprised of reimbursed costs of services, a tiered percentage of revenues, and an additional fixed percentage of REACH's earnings. The Company also committed up to \$2 million to fund the construction and equipping of a new state-of-the-art facility to house the clinical practice and embryology laboratory for REACH and its patients.

On January 1, 2004, the Company signed a FertilityPartners agreement with

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

the Seattle, Washington based Seattle Reproductive Medicine, Inc., P.S. ("SRM") physician practice. Under the terms of this 15-year agreement, the Company's service fees are comprised of reimbursed costs of services, a tiered percentage of revenues, and an additional fixed percentage of SRM's earnings. The Company also committed up to \$2 million to fund the construction and equipping of a new state-of-the-art facility to house the clinical practice and embryology laboratory for SRM and its patients. Based on the terms of this transaction, IntegraMed was paid a fixed service fee for approximately eleven months of 2004 until the new facility was fully operational in December 2004. Upon becoming fully operational, IntegraMed's service fees reverted to the fee structure described above.

Effective January 1, 2005, the Company signed a FertilityPartner agreement to supply a complete range of business, marketing and facility services to the Reproductive Partners Medical Group, Inc., a fertility practice comprised of six physicians in the Southern California market. Under the terms of this 25-year agreement, IntegraMed has committed up to \$0.5 million to fund any necessary capital needs of the practice. Based on the terms of the transaction, IntegraMed service fees will be comprised of the Company's standard reimbursed costs of services, a variable percentage of revenues, plus an additional fixed percentage of the center's earnings. The Company expects this transaction to be immediately accretive to earnings.

### Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most "critical accounting policies" in MD&A. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of the company's financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We believe that the following accounting policies fit this definition:

#### Basis of consolidation --

The consolidated financial statements comprise the accounts of IntegraMed America, Inc. and its wholly owned subsidiaries. All significant inter-company transactions have been eliminated. The Company principally derives its revenues from FertilityPartners contracts, the sale of pharmaceutical products and fees from patients enrolling in its Shared Risk Refund program. The Company does not have a controlling financial interest in any of the medical practices to which it provides services and as such does not consolidate their results.

#### Use of Estimates--

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and related footnotes. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The most significant estimates include the allowance for uncollectibles related to pharmaceutical sales, the reserve for estimated refunds due to pregnancy loss in our Shared Risk Refund Program and the valuation allowance related to our deferred tax assets. The Company does not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

Revenue and cost recognition --

FertilityPartners service fees

As of December 31, 2004, the Company provided comprehensive services to fertility centers under seven FertilityPartners contracts. Under all seven agreements, the Company receives as compensation for its services a three-part fee comprised of: (i) a tiered percentage of net revenues, (ii) reimbursed costs of services (costs incurred in servicing a fertility center and any costs paid on behalf of the fertility center) and (iii) a fixed percentage of earnings after services fees.

All revenues from FertilityPartners service fees are recorded in the period services are rendered. Direct costs incurred by the Company in performing its services and costs incurred on behalf of the medical practices are reported as costs of services. Revenue and costs are recognized in the same period in which the related services have been performed.

Pharmaceutical Sales

The Company distributes fertility related pharmaceutical products through IntegraMed Pharmaceutical Services, Inc., ("IPSI"). The Company has a servicing arrangement with ivpcare, inc., to fulfill the purchase and distribution of those pharmaceuticals. IPSI accepts patient orders, verifies patient insurance coverage where applicable and ships prescription-based pharmaceuticals directly to patients of certain affiliated fertility centers. Revenue is derived from the sales of these pharmaceuticals and is recorded, along with the related costs including the fee due ivpcare, when title and risk of loss pass to the customers, which is when shipments are made. The cost of pharmaceutical products purchased is recorded as a cost of sales and is not offset against revenues.

Pharmaceutical sales accounts receivable represent receivables held by IPSI for medications sold directly to patients. Risk of loss in connection with uncollectibility of these accounts receivable is borne by the Company.

Shared Risk Refund Program

The Shared Risk Refund program consists of a fertility treatment package that includes up to three cycles of in vitro fertilization for one fixed price with a significant refund if the patient does not deliver a baby. Under this innovative financial program, the Company receives payment directly from consumers who qualify for the program and pays contracted fertility centers a defined reimbursement for each treatment cycle performed. Expenses related to the program are recorded as incurred. Potentially refundable revenues are deferred until the pregnancy outcome is determined. The Company manages the risk associated with the Shared Risk Refund program through a case management program. This case management program authorizes patient care and provides information to be used in recognizing revenue. A reserve for estimated refunds due to pregnancy loss is maintained and based on historical averages of pregnancy losses applied to the revenues recorded within the applicable periods.

Due from Medical Practices --

Due from Medical Practices represents the net amounts owed to the Company by the medical practices. This balance is comprised of amounts owed to the Company by the medical practices for funds, which the Company has advanced to the practices for use in financing their accounts receivable, less balances owed

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

to the medical practices by the Company for undistributed amounts earned by their physicians. Due from Medical Practices excludes amounts owed by the Company to medical practices for acquired exclusive services rights since the Financial Accounting Standards Board Interpretation 39 conditions for offset are not met for these obligations. Such acquired rights are reported as intangible assets.

### Income taxes --

The Company accounts for income taxes utilizing the asset and liability approach in accordance with Financial Accounting Standards No. 109, "Accounting For Income Taxes" (FAS 109). The income tax (benefit) provision is determined under the asset and liability approach. Deferred tax assets and liabilities are recognized on differences between the book and tax basis of assets and liabilities using presently enacted tax rates. The income tax (benefit) provision is the sum of the amount of income tax paid or payable for the year as determined by applying the provisions of enacted tax laws to the taxable income for that year and the net change during the year in the Company's deferred tax assets and liabilities.

17

### Exclusive Service Rights --

Exclusive service rights represent costs incurred by the Company for the right to service certain fertility centers and are valued at cost less accumulated amortization, which is provided on a straight-line basis over the service length of the contract, usually ten to twenty-five years. The Company periodically reviews exclusive business service rights to assess recoverability; a change would be recognized in the consolidated statement of operations if an impairment was determined to have occurred. Recoverability is determined based on undiscounted expected earnings from the related business over the remaining amortization period.

### Results of Operations

The following table shows the percentage of net revenue represented by various expenses and other income items reflected in the Company's Consolidated Statement of Operations for the years ended December 31, 2004, 2003 and 2002:

	2004	2003
Revenues, net (see Note 2):		
FertilityPartners service fees.....	80.0%	79.3%
Pharmaceutical Sales.....	14.6%	17.1%
FertilityDirect revenues.....	5.4%	3.6%
Total revenues.....	100.0%	100.0%
Costs of services incurred:		
FertilityPartners service fees.....	71.3%	69.1%
Pharmaceutical Sales.....	14.1%	16.1%
FertilityDirect revenues.....	3.6%	2.0%
Total costs of services incurred.....	89.0%	87.2%
Contribution:		
FertilityPartners service fees.....	8.7%	9.0%



## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Pharmaceutical Sales.....	0.5%	0
FertilityDirect revenues.....	1.8%	1
	-----	-----
Total contribution.....	11.0%	11
General and administrative expenses.....	9.1%	9
Interest income.....	(0.2)%	(0)
Interest expense.....	0.3%	0
	-----	-----
Total other expenses.....	9.2%	9
Income from operations before income taxes.....	1.8%	1
Income tax provision.....	0.7%	0
	-----	-----
Net income .....	1.1%	1

### Calendar Year 2004 Compared to Calendar Year 2003

Revenues for the year ended December 31, 2004 increased by a net \$14.0 million, or 14.9%, from the year ended 2003. The main factors contributing to this net increase were:

- (i) Revenues at FertilityPartner centers increased by \$11.7 million, or 15.7%. This increase was largely driven by growth in patient volume resulting from organic growth from existing clinics as well as geographic expansion from new FertilityPartner agreements. Mature FertilityPartner clinics (i.e., those established prior to 2003) grew by \$6.0 million. The two FertilityPartners agreements with clinics in North Carolina and Washington State, signed subsequent to January 1, 2003, generated revenues of \$6.9 million in 2004 and \$1.2 million in 2003. Revenues for 2003 also included \$4.8 million related to our FertilityPartner agreement with RSA of New York, which terminated in June 2003.
- (ii) Revenue at the Company's pharmaceutical unit decreased by \$0.6 million, or 3.5%. This reduction in revenue was the result of the Company's decision in mid-2003 to de-emphasize the sale of certain high volume products due to the lack of profitability. Subsequent to this decision, revenues at our pharmaceutical unit have substantially recovered, with revenues for the fourth quarter of 2004 rising \$0.5 million above the same period in 2003.
- (iii) FertilityDirect revenues, which are comprised primarily of the Company's Shared Risk Refund program and membership fees from affiliated clinics, increased by \$2.9 million, or 95.8% from prior year levels. The Company anticipates continued growth from its FertilityDirect programs and is planning additional marketing initiatives in this area.

Contribution of \$11.8 million in 2004 was up approximately \$1.4 million, or 12.9% from 2003. As a percentage of revenue, the contribution margin remained substantially unchanged at 11.0% in 2004 vs. a margin of 11.1% in 2003. The following factors had a significant impact on contribution in 2004:

- (i) Contribution generated by the Company's FertilityPartners increased by \$0.4 million in 2004, despite a decline in margin to 10.9% from 12.0% in 2003. The higher aggregate volume growth in both revenue and contribution, coupled with slightly lower margin

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

rates, reflect the effect of the Company's previously disclosed fee structure, negotiated in 2001, which called for reduced fees to be phased in over a number of years, and was designed to spur higher gross revenues and market share. Contribution amounts for 2003 also included \$0.6 million related to our FertilityPartner agreement with RSA of New York which terminated in June 2003.

- (ii) Pharmaceutical contribution increased by \$0.1 million, or 16.7%, during 2004, with margin rates rising to 3.5% in 2004 vs. 2.9% in the prior year. The increased contribution and margin reflect the positive impact of our decision in mid-2003 to re-focus our product mix on a higher yielding suite of pharmaceuticals.
- (iii) Contribution in the Company's FertilityDirect program increased \$0.8 million, or 78.2% in 2004 vs 2003. This increase was the result of continued growth in Shared Risk Refund patient volume as well as a higher monthly fee structure for affiliated clinics.

General and Administrative expenses increased by \$1.0 million, to \$9.8 million in 2004. As a percentage of net revenues, General and Administrative costs declined to 9.1% of revenues in 2004, from 9.3% in 2003. Increased General and Administrative support costs are largely the result of additional marketing expenses designed to boost patient volume and added costs associated with new regulatory compliance requirements.

Interest income increased to \$259,000 for the year ended December 31, 2004, from \$125,000 in 2003. This increase is attributable to additional interest income earned on capital investments at several FertilityPartner clinics which experienced new facility build-outs, or extensive expansion of existing facilities, in 2004. Interest expense increased to \$295,000 for the year ended December 31, 2004 from \$109,000 in 2003, primarily as a result of interest charges on the outstanding portion of our revolving line of credit.

The provisions for income tax were approximately \$0.8 million in 2004 and \$0.76 million in 2003. There were no Federal income tax payments during 2004, or 2003, due to the utilization of the Company's net operating loss carry forwards. The Company's effective tax rate for 2004 was approximately 40.2% and reflects a provision for current state taxes as well as amortization of the Company's deferred Federal tax asset.

### Calendar Year 2003 Compared to Calendar Year 2002

Revenues for the year ended December 31, 2003 increased by a net \$5.5 million, or 6.2%, from the year ended 2002. The main factors contributing to this net increase were:

- (i) Revenues at FertilityPartner centers increased by \$7.6 million, or 11.3%. This increase was largely driven by increased patient volume resulting from intensified marketing campaigns, above average pregnancy rates for infertility treatment, and in some cases, the addition of new physicians to the practice and new agreements. The mature (FertilityPartner agreement established prior to 2002) centers grew \$6.6 million. The FertilityPartners agreement signed with NCIRE in April 2002, contributed a full years revenue of \$6.1 million vs. approximately \$2.3 million in the year ended December 31, 2002. The FertilityPartners agreement signed with REACH in September 2003 contributed \$1.2 million in revenues in 2003, Revenues from these new FertilityPartner agreements were partially offset by the termination of our FertilityPartner agreement with RSA of New York in June of 2003. The RSA agreement generated revenues of \$4.8 million in 2003 vs.

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

revenues of \$8.8 million in 2002.

- (ii) Revenue at the Company's pharmaceutical unit decreased by \$3.4 million, or 17.3%. This reduction in revenue was the result of the Company's decision to de-emphasize the sale of certain high volume products due to the lack of profitability resulting from pricing pressures within the market. The Company believes that these pricing issues have been resolved by price changes agreed to by

19

the payers and that revenues and volume will increase in future periods.

- (iii) FertilityDirect revenues, which are comprised primarily of the Company's Shared Risk Refund program and membership fees from affiliated clinics, increased by \$1.3 million, or 80.2% from prior year levels.

Contribution of \$10.5 million in 2003 was up \$0.6 million, or 6.1% from 2002 levels. As a percentage of revenue, the contribution margin remained unchanged at 11.2% for both 2003 and 2002 results. The following factors had a significant effect on contribution in 2003:

- (i) Contribution generated by the Company's FertilityPartners increased by \$0.3 million in 2003, despite a decline in margin to 12.0% from a 12.9% level in 2002. Higher aggregate contributions levels were generated by strong patient volume growth among the FertilityPartner clinics. However margin rates declined slightly due to the effect of the Company's previously disclosed fee structure, negotiated in 2001, which called for reduced fees to be phased in over a number of years. The mature centers contribution fell \$0.2 million. The FertilityPartners agreement signed with NCIRE in April 2002, contributed a full years contribution of \$0.6 million vs. approximately \$0.3 million in the year ended December 31, 2002. The FertilityPartners agreement signed with REACH in September 2003 contributed \$0.1 million in contribution in 2003. Contribution for the terminated FertilityPartner agreement with RSA of New York generated contribution of \$0.6 million in 2003 vs. contribution of \$0.5 million in 2002.
- (ii) Pharmaceutical contribution declined by \$0.3 million, or 39.1%, during 2003 and margin rates slipped to 2.9% from 3.9% in the prior year. The decline in contribution was a result of the Company's decision to de-emphasize certain specific high volume pharmaceuticals products, which became unprofitable due to manufacturer pricing increases coupled with insurance reimbursement reductions. The Company believes these pricing issues have been resolved by payers acceptance of increased prices and anticipates its pharmaceutical margin to improve in 2004.
- (iii) Contribution in the Company's FertilityDirect program increased \$0.6 million, or 143.5% during 2003. These increases were driven by increased Shared Risk Refund patient volume, additional fertility clinics participating in the FertilityDirect program as well as a higher monthly fee structure for these clinics.

General and Administrative expenses increased by \$0.7 million, to \$8.8 million in 2003 from \$8.1 million in 2002. This increase is mainly the result of additional marketing costs in support of the Company's FertilityDirect program, and costs associated with new regulatory compliance requirements.

Interest income rose to \$125,000 for the year ended December 31, 2003, from

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

\$103,000 in 2002. This increase is attributable to additional interest income earned on capital investments at some FertilityPartner clinics. Interest expense declined to \$109,000 for the year ended December 31, 2003 from \$155,000 for 2002 as a result of scheduled debt reductions in the first two quarters of 2003.

The provisions for income tax were approximately \$0.7 million and \$0.6 million for the years ended December 31, 2003 and 2002, respectively. There were no Federal income tax payments during 2003 due to the utilization of the Company's net operating loss carry forwards. The Company's effective tax rate for 2003 was approximately 39% and reflects a provision for current state taxes as well as amortization of the Company's deferred Federal tax asset.

### Off-balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities ("SPE's"), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of December 31, 2004, we are not involved in any material unconsolidated SPE transactions.

### Liquidity and Capital Resources

Historically, the Company has financed its operations by the sale of equity securities, issuance of notes and internally generated resources. In addition, the Company also uses bank financing for working capital and business development. The Company's working capital decreased to \$0.3 million as of December 31, 2004 from \$3.3 million as of December 31, 2003 mainly as a result of the \$4.7 increase in the liability for patient deposits, which are prepayments for future medical services, only partially offset by other normal changes in current assets and current liabilities caused by the timing of collections and payments. The Company believes that working capital and, specifically, cash and cash equivalents remain at adequate levels to fund the Company's operations. As of December 31, 2004, the Company did not have any

20

significant contractual commitments for the acquisition of fixed assets or construction of leasehold improvements, however, it has budgeted upcoming capital expenditures of approximately \$3.0 million for 2005. These expenditures are primarily related to the expansion of the Company's existing FertilityPartners centers, including the construction of new satellite clinics in Illinois and Washington State, as well as upgrades to existing clinics. The Company believes that the cash flows from its operations plus its available credit facility will be sufficient to provide for its future liquidity needs for the next twelve months.

In July 2003, the Company amended its existing credit facility with Fleet. The amended facility is comprised of a \$7.0 million three-year working capital revolver and a \$5.75 million 3 year term loan, of which approximately \$4.0 million remained outstanding with a remaining term of approximately 1.5 years as of December 31, 2004. Proceeds of \$0.75 million from the new \$5.75 million term loan were immediately used to repay an outstanding balance of \$0.75 million on the Company's previous term loan with Fleet. Each component of this credit facility bears interest by reference to Bank of America's prime rate or LIBOR, at the Company's option, plus a margin, which is dependent upon a leverage test, ranging from 2.25% to 2.75% in the case of LIBOR-based loans. Prime based loans are made at Bank of America's prime rate and do not contain an additional margin. Interest on the prime-based loans is payable monthly and interest on LIBOR-based loans is payable on the last day of each applicable interest period.

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

As of December 31, 2004, interest on both the term loan and working capital revolver was payable at a rate of approximately 4.45%. Unused amounts under the working capital revolver bear a commitment fee of 0.25% and are payable quarterly. Availability of borrowings under the working capital revolver is based on eligible accounts receivable, as defined in the credit agreement. As of December 31, 2004, under the working capital revolver the full amount of \$7.0 million was available, of which the Company had drawn \$1.0 million for general corporate purposes. The remaining working capital revolver balance of \$6.0 million is available to the Company. The Fleet credit facility is collateralized by all of the Company's assets. As of December 31, 2004, the Company was in full compliance with all applicable debt covenants.

The Company is also continuously reviewing its credit agreements and may renew, revise or enter into new agreements from time to time as deemed necessary.

### Significant Contractual Obligations and Other Commercial Commitments:

The following summarizes the Company's contractual obligations and other commercial commitments at December 31, 2004, and the effect such obligations are expected to have on its liquidity and cash flows in future periods.

	Payments Due by Period			
	Total	Less than 1 year	1 - 3 years	4 - 5 years
Notes Payable.....	\$ 5,476,000	\$2,316,000	\$3,160,000	\$ --
Capital lease obligations.....	214,000	68,000	146,000	--
Operating leases.....	32,257,000	5,051,000	10,259,000	8,807,000
FertilityPartners capital and other obligations.....	3,528,000	3,528,000		
Total contractual cash obligations.....	\$41,475,000	\$10,963,000	\$13,565,000	\$8,807,000

	Amount of Commitment Expiration Per Period			
	Total	Less than 1 year	1 - 3 years	4 - 5 years
Lines of credit.....	\$ 7,000,000	\$ --	\$7,000,000	\$ --

The Company also has commitments to provide accounts receivable financing under its FertilityPartners agreements. Generally, the Company's financing of this receivable occurs on or before the 20th business day of each month. The medical practice's repayment priority consists of the following:

- (i) Reimbursement of expenses that the Company has incurred on their behalf;
- (ii) Payment of the base or, if applicable, the variable portion of the Service Fee which relates to the FertilityPartners revenues; and

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

(iii) Payment of the variable portion of the Service Fee.

21

The Company is responsible for the collection of the practice's receivables, which are financed with full recourse. The Company has continuously funded these needs from cash flow from operations and the collection of the prior month's receivables. If delays in repayment are incurred, which have not as yet been encountered, the Company could draw on its existing working capital line of credit. The Company makes payments on behalf of the FertilityPartners for which it is reimbursed in the short-term. Other than these payments, as a general course, the Company does not make other advances to the medical practice. The Company has no other funding commitments to the FertilityPartners.

### New Accounting Standards

In December 2004, the FASB issued Statement No. 123(R), "Share-Based Payment", revising Statement No. 123 and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." Statement No. 123(R) requires companies to measure the cost of employee services received in exchange for an award of equity instruments and include these costs in the financial statements. Statement No. 123(R) applies to all stock awards granted after the effective date and all outstanding and unvested share-based payment awards as of the effective date. Statement No. 123(R) is effective as of the beginning of the first interim or annual period that begins after June 15, 2005. The Company does not expect the impact of implementing Statement No. 123(R) to be material as it had previously adopted the fair value expense recognition provisions of FAS No. 148.

### Forward Looking Statements

This Form 10-K and discussions and/or announcements made by or on behalf of the Company, contain certain forward-looking statements regarding events and/or anticipated results within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the attainment of which involve various risks and uncertainties. Forward-looking statements may be identified by the use of forward-looking terminology such as, "may", "will", "expect", "believe", "estimate", "anticipate", "continue", or similar terms, variations of those terms or the negative of those terms. The Company's actual results may differ materially from those described in these forward-looking statements due to the following factors: the Company's ability to acquire additional FertilityPartners agreements, including the Company's ability to raise additional debt and/or equity capital to finance future growth, the loss of significant FertilityPartners agreement(s), the profitability or lack thereof at fertility centers serviced by the Company, increases in overhead due to expansion, the exclusion of fertility and ART services from insurance coverage, government laws and regulation regarding health care, changes in managed care contracting, the timely development of and acceptance of new fertility, and ART and/or genetic technologies and techniques.

### ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Our interest expense is sensitive to changes in the general level of interest rates. At December 31, 2004 we had an outstanding balance of \$1,000,000 under a working capital revolver and \$4,025,000 under a term loan. Both borrowings have a remaining term of approximately 1.5 years. Each borrowing bears interest at LIBOR plus a margin. At December 31, 2004, both borrowings had

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

an interest rate of approximately 4.45%. A one percent change in interest rates would impact pre-tax income by approximately \$50,000 and net income by approximately \$30,000. The Company has not entered into any interest rate swap transactions.

### ITEM 8. Financial Statements and Supplementary Data

See Index to Financial Statements on page F-1.

### ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

### ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures - Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2004 (the "Evaluation Date"). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the Evaluation Date, our disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting - There were no changes during our fourth quarter ended December 31, 2004 that have materially affected, or is reasonably likely to effect, our internal control over financial reporting.

22

### ITEM 9B. Other Information

None.

## PART III

### ITEM 10. Directors and Executive Officers of the Registrant

Information with respect to the executive officers and directors of the Company is incorporated by reference from the Company's Proxy Statement relating to the Annual Meeting of Shareholders to be held on May 24, 2005.

The Company has an Audit Committee comprised solely of independent directors, one of whom is a financial expert, as defined by Item 401 of Regulation S-K. The members of the Audit Committee are identified under the Committees of the Board Section of the Company's Proxy Statement relating to the Annual Meeting of Shareholders to be held on May 24, 2005 and is incorporated herein by reference.

The Company has adopted a Code of Ethics applicable to directors and principal executive, financial and accounting officers of the Company. Such Code of Ethics is available at the Company's website <http://www.integrated.com>.

### ITEM 11. Executive Compensation

This information is incorporated by reference from the Company's Proxy Statement relating to the Annual Meeting of Shareholders to be held on May 24, 2005.

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

### ITEM 12. Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters

This information is incorporated by reference to the Company's Proxy Statement relating to the Annual Meeting of Shareholders to be held on May 24, 2005.

### ITEM 13. Certain Relationships and Related Transactions

This information is incorporated by reference to the Company's Proxy Statement relating to the Annual Meeting of Shareholders to be held on May 24, 2005.

### ITEM 14. Principal Accountant Fees and Services

This information is incorporated by reference to the Company's Proxy Statement relating to the Annual Meeting of Shareholders to be held on May 24, 2005.

## PART IV

### ITEM 15. Exhibits and Financial Statement Schedule

- (a) (1) Financial Statements.
- (2) The exhibits that are listed on the Index to Exhibits herein which are filed herewith as a management agreement or compensatory plan or arrangement are: 10.61(f); 10.95(d); 10.105(g); 10.113(j); 10.118(c); 14.1.
- (b) Exhibits. The list of exhibits required to be filed with this Annual Report on Form 10-K is set forth in the Index to Exhibits herein.

## FINANCIAL STATEMENTS

Item 8 and 15 (a) (1)

### Contents

	Page
	----
INTEGRAMED AMERICA, INC.	
Report of Independent Registered Public Accounting Firm.....	F-2
Consolidated Balance Sheets as of December 31, 2004 and 2003.....	F-3
Consolidated Statements of Operations for the years ended December 31, 2004, 2003 and 2002.....	F-4
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2004, 2003 and 2002.....	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002.....	F-6
Notes to Consolidated Financial Statements.....	F-7

### FINANCIAL STATEMENT SCHEDULE



Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Report of Independent Registered Public Accounting Firm on Financial Statement Schedule II.....	S-1
Valuation and Qualifying Accounts.....	S-2

F-1

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of  
IntegraMed America, Inc.:

In our opinion, the financial statements listed in the accompanying index present fairly, in all material respects, the financial position of IntegraMed America, Inc. and its subsidiaries at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 8 and 15 (a) (1) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
-----

Boston, Massachusetts  
February 16, 2005

F-2

INTEGRAMED AMERICA, INC.  
CONSOLIDATED BALANCE SHEETS  
(all amounts in thousands, except share amounts)

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

	Dece
	-----
	2004
	-----
ASSETS	
Current assets:	
Cash and cash equivalents .....	\$ 11,300
Due from Medical Practices, net (see Note 2) .....	8,130
Pharmaceutical sales accounts receivable, net .....	1,259
Deferred taxes, net (see Note 9) .....	1,950
Prepays and other current assets .....	2,043
	-----
Total current assets .....	24,682
Fixed assets, net (see Note 6) .....	14,868
Exclusive Service Rights and other intangibles, net (see Note 5) .....	20,519
Deferred taxes, net (see Note 9) .....	1,366
Other assets .....	410
	-----
Total assets .....	\$ 61,845
	=====
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Accounts payable .....	\$ 519
Accrued liabilities (see Note 7) .....	7,451
Current portion of long-term notes payable and other obligations (see Note 8) ...	2,218
Patient deposits (see Note 2) .....	14,193
	-----
Total current liabilities .....	24,381
	-----
Long-term notes payable and other obligations (see Note 8) .....	3,021
	-----
Commitments and Contingencies (see Note 14)	
Shareholders' equity:	
Common Stock, \$.01 par value - 15,000,000 and 50,000,000 shares authorized in 2004 and 2003 respectively; and 3,647,282 and 3,544,292 shares issued and outstanding in 2004 and 2003, respectively .....	36
Capital in excess of par .....	48,467
Deferred Compensation .....	(293)
Treasury stock, at cost - 40,547 and 89,595 shares in 2004 and 2003, respectively	(337)
Accumulated deficit .....	(13,430)
	-----
Total shareholders' equity .....	34,443
	-----
Total liabilities and shareholders' equity .....	\$ 61,845
	=====

See accompanying notes to the consolidated financial statements.

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

INTEGRAMED AMERICA, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(all amounts in thousands, except per share amounts)

	For the years ended D	
	2004	2003
	-----	-----
Revenues, net (see Note 2)		
FertilityPartners service fees .....	\$ 86,079	\$ 74,408
Pharmaceutical sales .....	15,738	16,301
FertilityDirect revenues .....	5,836	2,981
	-----	-----
Total revenues .....	107,653	93,690
	-----	-----
Costs of services and sales:		
FertilityPartners center costs .....	76,705	65,479
Pharmaceutical costs .....	15,188	15,830
FertilityDirect costs .....	3,952	1,924
	-----	-----
Total costs of services and sales .....	95,845	83,233
	-----	-----
Contribution		
FertilityPartners center contribution .....	9,374	8,929
Pharmaceutical contribution .....	550	471
FertilityDirect contribution .....	1,884	1,057
	-----	-----
Total contribution .....	11,808	10,457
	-----	-----
General and administrative expenses .....	9,789	8,761
Interest income .....	(259)	(125)
Interest expense .....	295	109
	-----	-----
Total other expenses .....	9,825	8,745
	-----	-----
Income before income taxes .....	1,983	1,712
Income tax provision (see Note 9) .....	797	668
	-----	-----
Net income .....	1,186	1,044
Less: Dividends paid and/or accrued on Preferred Stock .....	--	--
	-----	-----
Net income applicable to Common Stock .....	\$ 1,186	\$ 1,044
	=====	=====
Basic and diluted net earnings per share of Common Stock (see Note 10):		
Basic earnings per share .....	\$ 0.33	\$ 0.31
	=====	=====
Diluted earnings per share .....	\$ 0.32	\$ 0.29
	=====	=====
Weighted average shares - basic .....	3,554	3,413
	=====	=====
Weighted average shares - diluted .....	3,716	3,586

=====

See accompanying notes to the consolidated financial statements.

F-4

INTEGRAMED AMERICA, INC.  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(all amounts in thousands)

	Cumulative Convertible Preferred Stock		Common Stock		Capital in	Accumulated
	Shares	Amount	Shares	Amount	Excess of Par	Deficit
	-----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 2001	166	\$166	3,058	\$ 31	\$47,218	\$(16,800)
Issuance of Common Stock	--	--	--	--	45	--
Issuance of Restricted Stock Grants	--	--	45	--	248	--
Options and warrants exercised	--	--	31	1	100	--
Secondary Offering	--	--	220	2	1,136	--
Dividends paid to preferred shareholders..	--	--	--	--	(69)	--
Purchase of Preferred Stock	(166)	(166)	--	--	(1,495)	--
Net income	--	--	--	--	--	1,140
	----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 2002	--	\$ --	3,354	\$ 34	\$47,183	\$(15,660)
Issuance of Restricted Stock Grants	--	--	58	--	417	--
Options and warrants exercised	--	--	132	1	146	--
Treasury Stock transactions, net	--	--	--	--	426	--
Stock Grants issued, net	--	--	--	--	--	--
Stock Grant amortization	--	--	--	--	--	--
Net income	--	--	--	--	--	1,044
	----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 2003	--	\$ --	3,544	\$ 35	\$48,172	\$(14,616)
Issuance of Restricted Stock Grants	--	--	33	--	211	--
Options and warrants exercised	--	--	210	2	907	--
Treasury Stock transactions, net	--	--	(140)	(1)	(823)	--
Stock grants issued, net	--	--	--	--	--	--
Stock grant amortization	--	--	--	--	--	--
Net income	--	--	--	--	--	1,186
	----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 2004	--	\$ --	3,647	36	\$48,467	\$(13,430)
	=====	=====	=====	=====	=====	=====

See accompanying notes to the consolidated financial statements.

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

F-5

INTEGRAMED AMERICA, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(all amounts in thousands)

	For the years ended Decem	
	2004	2003
Cash flows from operating activities:		
Net income .....	\$ 1,186	\$ 1,044
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	4,239	3,342
Deferred income tax provision .....	427	537
Deferred compensation .....	241	125
Changes in assets and liabilities Decrease (increase) in assets:		
Due from Medical Practices .....	788	(3,621)
Pharmaceutical sales accounts receivable .....	225	153
Prepays and other current assets .....	1,214	(699)
Other assets .....	(132)	1
Increase (decrease) in liabilities:		
Accounts payable .....	(741)	437
Accrued liabilities .....	3,269	(2,265)
Patient deposits .....	4,701	2,284
Net cash provided by operating activities .....	15,417	1,338
Cash flows from investing activities:		
Payment for exclusive FertilityPartners service rights .....	(1,203)	(2,290)
Acquisition of trademark rights .....	(38)	--
Proceeds from sale of fixed assets .....	--	395
Proceeds from sale of intangible assets .....	--	136
Purchase of fixed assets and leasehold improvements .....	(7,662)	(7,635)
Net cash used in investing activities .....	(8,903)	(9,394)
Cash flows from financing activities:		
Proceeds from issuance of Common Stock .....	--	--
Proceeds from issuance of debt .....	--	8,028
Principal repayments on debt .....	(2,213)	(1,884)
Principal repayments under capital lease obligations .....	(59)	(43)
Repurchase of Common Stock .....	(736)	--
Repurchase of Preferred Stock .....	--	--
Exercise of common stock options and warrants .....	909	147
Dividends paid on Convertible Preferred Stock .....	--	--
Net cash (used in) provided by financing activities .....	(2,099)	6,248
Net increase (decrease) in cash .....	4,415	(1,808)
Cash at beginning of period .....	6,885	8,693
Cash at end of period .....	\$ 11,300	\$ 6,885

See accompanying notes to the consolidated financial statements.

F-6

INTEGRAMED AMERICA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- THE COMPANY:

IntegraMed America, Inc. (the "Company") offers products and services to patients and providers in the fertility industry. The IntegraMed Network is comprised of twenty five fertility centers in major markets across the United States, pharmaceutical products and services, patient financing products and services, the Council of Physicians and Scientists, and a leading fertility portal ([www.integrated.com](http://www.integrated.com)). Seventeen Affiliate fertility centers purchase discrete service packages provided by the Company and seven fertility centers (eight as of January 1, 2005) have access to the entire portfolio of products and services under the comprehensive FertilityPartners(TM) program. All twenty-five fertility centers have access to the Company's consumer services, principally pharmaceutical products and patient financing products and services.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of consolidation --

The consolidated financial statements comprise the accounts of IntegraMed America, Inc. and its wholly owned subsidiaries. All significant inter-company transactions have been eliminated. The Company principally derives its revenues from FertilityPartners contracts, the sale of pharmaceutical products and fees from patients enrolling in its Shared Risk Refund program. The Company does not have a controlling financial interest in any of the medical practices, including the FertilityPartners, and as such does not consolidate their results.

Use of estimates --

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and related footnotes. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The most significant estimates include the allowance for uncollectibles related to pharmaceutical sales, the reserve for estimated refunds due to pregnancy loss in our Shared Risk Refund Program and the valuation allowance related to our deferred tax assets. The Company does not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

Revenue and cost recognition --

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

### FertilityPartners Service fees

As of December 31, 2004, the Company provided comprehensive services to seven fertility centers under FertilityPartners contracts. One additional FertilityPartner was added effective January 1, 2005. During the year ended December 31, 2003, the Company provided services under six FertilityPartner contracts, with one contract terminated effective June 30, 2003, and replaced by another new FertilityPartner agreement effective September 1, 2003

As of December 31, 2004, under all seven of the current agreements, the Company receives as compensation for its services a three-part fee comprised of: (i) a tiered percentage of net revenues, (ii) reimbursed costs of services (costs incurred in servicing a FertilityPartner and any costs paid on behalf of the FertilityPartner) and (iii) a fixed percentage of earnings after services fees.

Under the agreement which terminated effective June 30, 2003, as compensation for its services, the Company received a fixed fee plus reimbursed costs of services.

F-7

### INTEGRAMED AMERICA, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

F-21

All revenues from FertilityPartners service fees are recorded in the period services are rendered. Direct costs incurred by the Company in performing services and costs incurred on behalf of the FertilityPartners are reported as costs of services. Revenue and costs are recognized in the same period in which the related services have been performed. The physicians receive as compensation all remaining earnings of the fertility practice after payment of the Company's fees.

### Pharmaceutical Sales

The Company distributes fertility related pharmaceutical products through IntegraMed Pharmaceutical Services, Inc. ("IPSI"), a wholly owned subsidiary. The Company has an arrangement with ivpcare, inc. to fulfill the purchase and distribution of the underlying pharmaceuticals. The Company and ivpcare have no common ownership or management. IPSI accepts patient orders, verifies patient insurance coverage where applicable and ships prescription-based pharmaceuticals directly to patients of the IntegraMed Provider Network. Revenue is derived from the sales of these pharmaceuticals and is recorded, along with the related costs including the fee due ivpcare, when title and risk of loss pass to the customers, which is when shipments are made.

### Shared Risk(TM) Refund Program

The Shared Risk Refund program was established at the Shady Grove Fertility Reproductive Science Center ("Shady Grove"), the leading fertility center in the metropolitan Washington, DC area, a member of the IntegraMed Provider Network and a FertilityPartner. Based on the experience at Shady Grove, the Company developed an actuarial model that allows pricing a treatment package to consumers. The Shared Risk Refund program consists of a package that includes up to three cycles of in vitro fertilization for one fixed price with a significant refund if the patient does not deliver a baby. Under this innovative financial

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

program, the Company receives payment directly from consumers who qualify for the program and pays contracted fertility centers a defined reimbursement for each treatment cycle performed. Expenses related to the program are recorded as incurred. Revenues related to refundable amounts are deferred until the pregnancy outcome is determined. The Company manages the risk associated with the Shared Risk Refund program through a case management program. This case management program authorizes patient care and provides information to be used in recognizing revenue. A reserve for estimated refunds due to pregnancy loss is maintained and based on historical averages of pregnancy losses applied to the revenues recorded within the applicable periods. Actual results relating to the recording of revenue, expenses and refunds to date have not varied materially from the estimates used in the actuarial model.

### Patient Financing

IntegraMed Financial Services, Inc. ("IFS"), a wholly owned subsidiary of the Company, arranges financing to qualified patients of the IntegraMed Provider Network at rates significantly lower than credit cards and other finance companies. IFS is administered by a third party vendor which provides administrative management services to IFS. The loans are made to qualified patients by a third party bank. The patient makes payment directly to the medical practice. The bank pays a negotiated percentage of the financing amount as a placement fee to the Company. Such revenue is recorded within FertilityDirect revenues when the Company receives the cash at the time of closing the transaction.

### Cash and cash equivalents --

Cash and cash equivalents primarily include all highly liquid debt instruments with original maturities of three months or less, recorded at cost, which approximates market.

### Due from Medical Practices --

Due from Medical Practices represents the net amounts owed to the Company by the medical practices. This balance is comprised of amounts owed to the Company by the medical practices for funds which the Company has advanced to the practices for use in financing their accounts receivable, less balances owed to the medical practices by the Company for undistributed amounts earned by their physicians. Due from Medical Practices excludes amounts owed by the Company to medical practices for acquired exclusive services rights since the Financial Accounting Standards Board Interpretation 39 conditions for offset are not met for these obligations. Such acquired rights are reported as intangible assets.

F-8

### Pharmaceutical sales accounts receivable --

Pharmaceutical sales accounts receivable represent receivables held by IPSI for medications sold directly to patients. Risk of loss in connection with uncollectibility of these accounts receivable is borne by the Company. As of December 31, 2004 and 2003 an allowance for uncollectible receivables in the amount of \$159,000 and \$195,000 have been recorded, respectively.

### Fixed assets --

Fixed assets are valued at cost less accumulated depreciation and amortization. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the shorter of the asset life or the remaining term of the lease. Assets under capital leases are amortized over the



## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

term of the lease agreements. The Company periodically reviews the fair value of fixed assets for impairment, the results of which have had no material effect on the Company's financial position or results of operations.

When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts. The difference between the net book value of the assets and proceeds from disposition is recognized as gain or loss. Routine maintenance and repairs are charged to FertilityPartners cost of services or General and Administrative expenses as incurred, while costs of betterments and renewals are capitalized.

### Exclusive Service Rights --

Exclusive service rights represent costs incurred by the Company for the right to service certain fertility centers and are valued at cost less accumulated amortization, which is provided on a straight-line basis over the expected length of the agreement, usually ten to twenty-five years. The Company periodically reviews exclusive service rights to assess recoverability; a change would be recognized in the consolidated statement of operations if an impairment was determined to have occurred. Recoverability is determined based on undiscounted expected earnings from the related business over the remaining amortization period. The Company did not record any impairment charges or write-downs on exclusive service rights during 2004 or 2003.

### Patient Deposits --

Patient deposits represent advanced payment for services made by patients of the fertility centers. Such amounts are held by the Company until the time service is rendered, at which point the fertility center records the revenue. Patient deposits also include unearned revenue related to the Shared Risk Refund program.

### Stock based employee compensation --

The Company adopted Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation" (FAS 123), on January 1, 1996. Under FAS 123, companies can, but are not required to, elect to recognize compensation expense for all stock based awards, using a fair value method.

Prior to the third quarter of 2003, the Company accounted for its stock option plans under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. Under this standard, no stock option-based employee compensation cost is reflected in net income, as all options granted under the plans had an exercise price equal to the market value of the underlying Common Stock on the date of grant. Effective January 1, 2003, the Company adopted the fair value recognition provisions of FAS No. 148. Under the Prospective transition method selected by the Company, fair value accounting is applied to all new stock grants and modifications to old grants since January 1, 2003. Disclosure of pro-forma net income and EPS is continued for any pre-adoption grants.

The following table illustrates the effect on net income and earnings per share as if the Company had applied the fair value recognition provisions of

F-9

FASB No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation. (000's omitted, except per share amounts). There were no stock options granted during fiscal year 2004 or 2003.

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

	For the twelve-month period ended December 31	
	2004	2003
Net Income, as reported.....	\$1,186	\$1,044
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects.....	144	76
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects.....	(388)	(383)
Pro forma net income.....	\$ 942	\$ 737
Earnings per share:		
Basic-as reported.....	\$0.33	\$0.31
Basic-pro forma.....	\$0.26	\$0.22
Diluted-as reported.....	\$0.32	\$0.29
Diluted-pro forma.....	\$0.25	\$0.21

Concentrations of credit risk --

Financial instruments, which potentially expose the Company to concentrations of credit risk consist primarily of trade accounts receivable.

Income taxes --

The Company accounts for income taxes utilizing the asset and liability approach in accordance with Financial Accounting Standards No. 109, "Accounting For Income Taxes" (FAS 109). The income tax provision is determined under the asset and liability approach. Deferred tax assets and liabilities are recognized on differences between the book and tax basis of assets and liabilities using presently enacted tax rates. The income tax provision is the sum of the amount of income tax paid or payable for the year as determined by applying the provisions of enacted tax laws to the taxable income for that year and the net change during the year in the Company's deferred tax assets and liabilities. (See Note 9).

Earnings per share --

The Company determines earnings per share in accordance with Financial Accounting Standards No. 128, "Earnings Per Share" (FAS 128), which the Company adopted in December 1997. (See Note 10).

Fair value of financial instruments --

At December 31, 2004 and 2003, the carrying values of all financial

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

instruments, both short and long-term, approximated their fair value.

New accounting pronouncements --

In December 2004, the FASB issued Statement No. 123(R), "Share-Based Payment", revising Statement No. 123 and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." Statement No. 123(R) requires

F-10

companies to measure the cost of employee services received in exchange for an award of equity instruments and include these costs in the financial statements. Statement No. 123(R) applies to all stock awards granted after the effective date and all outstanding and unvested share-based payment awards as of the effective date. Statement No. 123(R) is effective as of the beginning of the first interim or annual period that begins after June 15, 2005. The Company does not expect the impact of implementing Statement No. 123(R) to be material as it had previously adopted the fair value expense recognition provisions of FAS No. 148.

### NOTE 3 -- SEGMENT INFORMATION:

The Company is principally engaged in providing products and services to the fertility market. For disclosure purposes, the Company recognizes services offered to its network of fertility centers and its pharmaceutical distribution operations as separate reporting segments. Corporate amounts are provided for reconciliation purposes. The services segment includes revenue and costs categorized as FertilityPartners Service Fees and FertilityDirect revenue, as follows (000's omitted):

	Corporate	Services	Pharmaceutical Distribution	Con
For the Year ended December 31, 2004				
Revenues.....	\$ (21)	\$91,936	\$15,738	\$
Cost of Services.....	--	80,657	15,188	-
	-----	-----	-----	-----
Contribution.....	\$ (21)	\$11,279	\$ 550	\$
General and administrative costs.....				
Interest, net.....				
Income before income taxes.....				\$
Depreciation expense included above....				\$
Capital expenditures.....	\$ 543	\$ 7,119	\$ --	\$
Total assets.....	\$13,016	\$40,051	\$ 8,778	\$
For the Year ended December 31, 2003				
Revenues.....	\$ (182)	\$77,571	\$16,301	\$
Cost of Services.....	--	67,403	15,830	-
	-----	-----	-----	-----
Contribution.....	(182)	10,168	471	-
General and administrative costs.....				
Interest, net.....				

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Income before income taxes.....				\$
Depreciation expense included above....				=
Capital expenditures.....	\$ 440	\$ 7,195	\$ --	\$
Total assets.....	\$ 8,753	\$43,491	\$ 3,050	\$
For the Year ended December 31, 2002				
Revenues.....	\$ (322)	\$68,813	\$19,709	\$
Cost of Services.....	--	59,953	18,396	\$
	-----	-----	-----	
Contribution.....	\$ (322)	\$ 8,860	\$ 1,313	\$
General and administrative costs.....				
Interest, net.....				
Income before income taxes.....				\$
Depreciation expense included above....				=
Capital expenditures.....	\$ 238	\$ 1,792	\$ --	\$
Total assets.....	\$10,214	35,403	\$ 1,827	\$

F-11

NOTE 4 -- SIGNIFICANT SERVICE CONTRACTS:

For the years ended December 31, 2004, 2003, and 2002 the following fertility centers each individually provided greater than 10% of the Company's revenues, net and/or contribution as follows:

	Percent of Company Revenues, net			Percent of Contribution		
	2004	2003	2002	2004	2003	2002
Boston.....	11.3	10.4	10.8	13.4	13.9	13.9
Long Island.....	--	5.1	10.0	--	6.4	6.4
Illinois.....	25.6	27.9	27.7	22.3	26.4	26.4
Shady Grove.....	21.5	20.7	17.7	24.9	25.0	25.0
Bay Area.....	7.7	7.7	7.4	6.8	8.6	8.6

NOTE 5 -- EXCLUSIVE SERVICE RIGHTS AND OTHER INTANGIBLES:

Exclusive Service Rights and other intangibles at December 31, 2004 and 2003 consisted of the following (000's omitted):

	2004	2003
Exclusive Service rights.....	\$27,280	\$26,076
Trademark rights.....	38	--
Less accumulated amortization.....	(6,799)	(5,572)
	-----	-----
Total.....	\$20,519	\$20,504
	=====	=====

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

On September 1, 2004, the Company acquired the right to provide business services to Seattle Reproductive Medicine, Inc., P.S., a four physician fertility practice in the Seattle, Washington area, for \$1.2 million in cash.

On September 1, 2003, the Company acquired the right to provide business services to Reproductive Endocrinology and Andrology of Charlotte (REACH), a four physician fertility practice in the Charlotte, North Carolina area, for \$2.2 million in cash.

### NOTE 6 -- FIXED ASSETS, NET:

Fixed assets, net at December 31, 2004 and 2003 consisted of the following (000's omitted):

	2004	2003
	-----	-----
Furniture, office and computer equipment.....	\$6,254	\$ 4,502
Medical equipment.....	4,425	3,205
Leasehold improvements.....	14,199	8,890
Construction in process.....	--	619
Assets under capital leases.....	810	810
	-----	-----
Total.....	25,688	18,026
	-----	-----
Less -- Accumulated depreciation and amortization..	(10,820)	(7,808)
	-----	-----
	\$14,868	\$10,218
	=====	=====

Depreciation expense on fixed assets for the years ended December 31, 2004 and 2003 was \$3,012,000, and \$2,163,000, respectively. Assets under capital leases primarily consist of computer and medical equipment. Accumulated amortization related specifically to capital leases at December 31, 2004 and 2003 was \$142,000 and \$461,000, respectively.

F-12

### NOTE 7 -- ACCRUED LIABILITIES:

Accrued liabilities at December 31, 2004 and 2003 consisted of the following (000's omitted):

	2004	2003
	----	----
Accrued costs on behalf of Medical Practices	\$2,688	\$1,933
Reserves for estimated refunds .....	533	391
Accrued incentives and benefits .....	1,536	1,826
Accrued state taxes .....	481	211
Accrued rent .....	642	207
Accrued professional fees .....	316	84
Malpractice insurance deposits .....	398	--
Other .....	856	622
	-----	-----
Total accrued liabilities .....	\$7,450	\$5,274
	=====	=====

### NOTE 8 -- NOTES PAYABLE AND OTHER OBLIGATIONS:

Debt at December 31, 2004 and 2003 consisted of the following (000's

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

omitted):

	2004	2003
	----	----
Note payable to bank .....	\$ 5,025	\$ 7,175
Acquisition notes payable .....	--	63
Obligations under capital lease .....	214	273
	-----	-----
Total notes payable and other obligations ...	5,239	7,511
Less -- Current portion .....	(2,218)	(3,272)
	-----	-----
Long-term notes payable and other obligations	\$ 3,021	\$ 4,239
	=====	=====

Note payable to Bank --

In July 2003, the Company amended its existing credit facility with Bank of America (formally Fleet Bank, N.A.). The amended facility is comprised of a \$7.0 million three-year working capital revolver and a \$5.75 million 3 year term loan, of which approximately \$4.0 million remained outstanding with a remaining term of approximately 1.5 years as of December 31, 2004. Proceeds of \$0.75 million from the new \$5.75 million term loan were immediately used to repay an outstanding balance of \$0.75 million on the Company's previous term loan with Bank of America (Fleet Bank, N.A.). Each component of this credit facility bears interest by reference to Bank of America's prime rate or LIBOR, at the Company's option, plus a margin, which is dependent upon a leverage test, ranging from 2.25% to 2.75% in the case of LIBOR-based loans. Prime based loans are made at Bank of America's prime rate and do not contain an additional margin. Interest on the prime-based loans is payable monthly and interest on LIBOR-based loans is payable on the last day of each applicable interest period. As of December 31, 2004, interest on both the term loan and working capital revolver was payable at a rate of approximately 4.45%. Unused amounts under the working capital revolver bear a commitment fee of 0.25% and are payable quarterly. Availability of borrowings under the working capital revolver is based on eligible accounts receivable, as defined in the credit agreement. As of December 31, 2004, under the working capital revolver the full amount of \$7.0 million was available, of which the Company had drawn \$1.0 million for general corporate purposes. The remaining working capital revolver balance of \$6.0 million is available to the Company. The Bank of America credit facility is collateralized by all of the Company's assets. As of December 31, 2004, the Company was in full compliance with all applicable debt covenants.

The Company considers its debt covenant requiring a minimum EBITDA (earnings before interest, taxes, depreciation and amortization) greater than \$5 million to be its most restrictive covenant. In addition to being a stand alone covenant, our EBITDA measurement also forms the basis of several additional covenants.

F-13

Debt Maturities --

At December 31, 2004, aggregate note payments, including capital lease obligation payments, in future years were as follows (000's omitted):

2005.....	2,218
2006.....	2,947
2007.....	75

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Thereafter.....	0
	-----
Total payments.....	\$5,240
	=====

Leases --

Capital lease obligations relate primarily to computer and medical equipment for the FertilityPartners.

The Company has operating leases for its corporate headquarters and for medical office space for its FertilityPartners centers. The Company also has operating leases for certain medical equipment. Aggregate rental expense under operating leases was \$6,997,000, \$4,817,000, and \$3,533,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

At December 31, 2004, the minimum lease payments for assets under capital and non-cancelable operating leases in future years were as follows (000's omitted):

	Capital	Operating
	-----	-----
2005.....	77	5,051
2006.....	78	5,294
2007.....	78	4,965
2008.....	--	3,621
2009.....	--	5,186
Thereafter.....	--	8,140
	-----	-----
Total minimum lease payments.....	\$233	\$32,257
		=====
Less -- Amount representing interest....	19	
	-----	
Present value of minimum lease payments	\$214	
	=====	

NOTE 9 -- INCOME TAXES

The provision for income taxes consisted of:

	For the years ended December 31,		
	2004	2003	2002
	----	-----	-----
Current taxes (benefits):			
Federal.....	\$199	\$ --	\$ --
State.....	172	104	51
	-----	-----	-----
Total Current Taxes.....	\$371	\$ 104	\$ 51
	-----	-----	-----
Deferred taxes (benefits):			
Federal.....	\$399	\$ 599	\$ 601
State.....	27	(35)	(90)
	-----	-----	-----
Total Deferred Taxes.....	\$426	\$ 564	\$ 511
	-----	-----	-----
Total tax provision.....	\$797	\$ 668	\$ 562
	=====	=====	=====

The financial statement income tax provision differed from income taxes determined by applying the statutory federal income tax rate to the financial

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

statement income before income taxes for the years ended December 31, 2004, 2003 and 2002 primarily as a result of the following (000's omitted):

F-14

	For the years ended December	
	2004	2003
Tax expense at Federal statutory rate.....	\$683	\$582
State income taxes, net of federal tax effect.....	111	60
Non-deductible expenses.....	15	34
Write-off of deferred tax assets.....	407	--
Other .....	(12)	(8)
Change in valuation allowance.....	(407)	--
	-----	-----
Income tax (benefit) expense.....	\$797	\$668
	=====	=====

Significant components of the deferred tax assets (liabilities) at December 31, 2004 and 2003 were as follows (000's omitted):

	December 31,	
	2004	2003
Deferred tax assets		
Net operating loss carry forwards.....	\$3,991	\$4,618
Doubtful accounts.....	1,203	1,093
Other.....	328	40
	-----	-----
Total deferred tax assets.....	5,522	5,751
	-----	-----
Deferred tax liabilities		
Depreciation and amortization.....	(1,019)	(414)
	-----	-----
Total deferred tax liabilities.....	(1,019)	(414)
	-----	-----
Deferred tax asset.....	4,503	5,337
Valuation allowance.....	(1,187)	(1,594)
	-----	-----
Net total deferred tax asset.....	\$3,316	\$3,743
	=====	=====

At December 31, 2004, the Company had Federal net operating loss carry forwards of approximately \$12.0 million, which expire in 2005 through 2019. For tax purposes, there is an annual limitation of approximately \$1.2 million on the utilization of approximately \$8.9 million of net operating losses resulting from changes in ownership attributable to the Company's May 1993 Preferred Stock Offering and the August 1997 Common Stock Offering and FertilityPartners agreements. For the years ended December 2004, 2003 and 2002, the Company utilized net operating loss carry forwards of approximately \$1.5 million, \$1.0 million and \$2.0 million, respectively. Valuation allowances have been recorded for net operating loss carry forwards that may expire prior to utilization due to the annual limitation.



## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

### NOTE 10 - EARNINGS PER SHARE:

The reconciliation of the numerators and denominators of the basic and diluted EPS computations for the years ended December 31, 2004, 2003 and 2002 is as follows (000's omitted, except for per share amounts):

	For the years ended December		
	2004	2003	2002
Numerator			
Net Income .....	\$1,186	\$1,044	\$1,186
Less: Preferred stock dividends paid and/or accrued.....	--	--	--
Net Income applicable to Common Stock.....	\$1,186	\$1,044	\$1,186
Denominator			
Weighted average shares outstanding.....	3,554	3,413	3,116
Effect of dilutive options and warrants.....	162	173	200
Weighted average shares and dilutive potential Common shares.....	3,716	3,586	3,316
Basic earnings per common share .....	\$ 0.33	\$ 0.31	\$ 0.36
Diluted earnings per common share .....	\$ 0.32	\$ 0.29	\$ 0.34

F-15

For the year ended December 31, 2004, there were no outstanding options to purchase shares of Common Stock which were excluded from the computation of the diluted earnings per share amount as the exercise price of all outstanding options was less than the average market price of the shares of Common Stock. For the years ended December 31, 2003 and 2002, options to purchase approximately 119,500, and 52,500 shares, respectively, of Common Stock at exercise prices ranging from \$5.98 to 6.15, and \$6.15 to \$8.57, per share, respectively, were excluded in computing the diluted per share amounts as they were antidilutive.

For the years ended December 31, 2004, 2003 and 2002, warrants to purchase approximately 49,600, 105,600, and 144,350 shares, respectively, of Common Stock at exercise prices ranging from \$9.00, \$6.25 to \$9.00, and \$6.25 to \$9.00, per share, respectively, were excluded in computing the diluted per share amounts as they were antidilutive.

### NOTE 11 -- SHAREHOLDERS' EQUITY:

In 2004, 2003 and 2002, the Company issued 33,000, 58,345 and 45,000 shares, respectively, of restricted Common Stock as deferred compensation to several officers and directors of the Company for an aggregate amount of \$211,000, \$417,000 and \$248,000 respectively.

During 2004, the Board of Directors authorized the retirement of 140,116 shares of Common Stock held as Treasury Shares. These shares were cancelled by the Company's transfer agent in early 2005.

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

During 2004, the Company issued 7,360 shares of Common Stock as Treasury Stock in conjunction with the income tax withholdings on stock awards granted to company officers during 2004. During 2003, the Company issued 44,970 shares of Common Stock as Treasury Stock in conjunction with the income tax withholdings on stock awards granted to officers during the years 2003 and 2002.

During 2004, the Company received 83,708 shares of its Common Stock in consideration for the cashless exercise of Common Stock options on behalf of various officers and individuals. As of the dates the underlying options were exercised, these shares were valued at approximately \$688,000 and were accounted for as Treasury Stock.

During 2002, the Board of Directors authorized the redemption of all outstanding shares of the Company's Series A Preferred Stock. Effective October 15, 2002, the Company had redeemed all 165,644 outstanding shares at a cost of approximately \$1.7 million.

In 2002, the Company issued an aggregate of 7,089 shares of restricted Common Stock to the physician partners of the Northwest Center for Fertility and Reproductive Endocrinology, in connection with the FertilityPartners agreement. These shares had a market value of \$45,000 on the date of issuance.

As of December 31, 2004 and 2003, warrants to purchase an aggregate of 52,240 and 105,600 shares of Common Stock were outstanding at weighted average exercise prices of \$8.86 and \$8.54 respectively.

### NOTE 12 -- STOCK-BASED EMPLOYEE COMPENSATION:

Under the 1992 Stock Option Plan (as amended) (the "1992 Plan") and the 2000 Stock Option Plan (the "2000 Plan"), 500,000 and 600,000 shares, respectively, were reserved for issuance of incentive and non-incentive stock options. Under the 1992 and 2000 Plans, incentive stock options, as defined in Section 422 of the Internal Revenue Code, may be granted only to employees and non-incentive stock options may be granted to employees, directors and such other persons as the Board of Directors (or a committee (the "Committee") appointed by the Board) determines will contribute to the Company's success at exercise prices equal to at least 100%, or 110% for a ten percent shareholder,

F-16

of the fair market value of the Common Stock on the date of grant with respect to incentive stock options and at exercise prices determined by the Board of Directors or the Committee with respect to non-incentive stock options. Stock options issued under the 2000 Plan are exercisable, subject to such conditions and restrictions as determined by the Board of Directors or the Committee, during a ten-year period, or a five-year period for incentive stock options granted to a ten percent shareholder, following the date of grant; however, the maturity of any incentive stock option may be accelerated at the discretion of the Board of Directors or the Committee. Under the 1992 Plan, the Board of Directors or the Committee determines the exercise dates of options granted; however, in no event may incentive stock options be exercised prior to one year from date of grant. Under the 1992 and 2000 Plans, the Board of Directors or the Committee selects the optionees, determines the number of shares of Common Stock subject to each option and otherwise administers the Plans. Under the 1992 and 2000 Plans, options expire three months from the date of the holder's termination of employment with the Company or twelve months in the event of disability or death.

Under the 1994 Outside Director Stock Purchase Plan ("Outside Director

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Plan"), 31,250 shares of Common Stock are reserved for issuance. Under the Outside Director Plan, directors who are not full-time employees of the Company may elect to receive all or a part of their annual retainer fees, the fees payable for attending meetings of the Board of Directors and the fees payable for serving on committees of the Board, in the form of shares of Common Stock rather than cash, provided that any such election be made at least six months prior to the date that the fees are to be paid. As of December 31, 2004, 2003, and 2002, there were no options outstanding under the Outside Director Plan.

Stock option activity, under the 1992 and 2000 Plans combined, is summarized as follows:

	Number of shares of Common Stock underlying options	Weighted Average exercise price
	-----	-----
Options outstanding at December 31, 2001....	756,046	\$3.92
Granted.....	250,487	\$5.90
Exercised.....	(83,266)	\$2.75
Canceled.....	(70,627)	\$5.79
	-----	-----
Options outstanding at December 31, 2002....	852,640	\$4.29
Granted.....	--	\$0.00
Exercised.....	(27,468)	\$3.06
Canceled.....	(191,376)	\$5.15
	-----	-----
Options outstanding at December 31, 2003....	633,796	\$4.35
Granted.....	--	\$0.00
Exercised.....	(210,106)	\$4.61
Canceled.....	(8,160)	\$5.65
Options outstanding at December 31, 2004....	415,530	\$4.29
Options exercisable at:		
December 31, 2002.....	512,124	\$3.92
December 31, 2003.....	533,541	\$4.18
December 31, 2004.....	363,330	\$4.12

Included in options that were canceled during 2004, 2003, and 2002, were forfeitures of 3,532, 59,785, and 27,627 with weighted average exercise prices of \$5.66, \$5.12, and \$5.79, respectively.

F-17

As of December 31, 2004, stock options outstanding and exercisable by price range were as follows:

	OPTIONS OUTSTANDING			
Range of Exercise Prices	Outstanding as of 12/31/2004	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisable as of 12/31/2004

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

\$0.00 - \$3.00	73,125	4.7	\$2.73	72,500
\$3.00 - \$5.00	215,609	4.1	\$4.13	236,370
\$5.00 - \$7.60	90,796	7.2	\$6.00	54,460
	415,530	4.9	\$4.29	363,330

Prior to the third quarter of 2003, the Company accounted for its stock option plans under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. Under this standard, no stock option-based employee compensation cost is reflected in net income, as all options granted under the plans had an exercise price equal to the market value of the underlying Common Stock on the date of grant. Effective July 1, 2003, the Company adopted the fair value recognition provisions of FAS No. 148. Under the Prospective transition method selected by the Company, fair value accounting is applied to all new stock grants and modifications to old grants since January 1, 2003. Disclosure of pro-forma net income and EPS is continued for any pre-adoption grants. No options have been granted subsequent to the adoption of FAS No. 148.

Assumptions used to calculate pro forma values include:

	For the twelve-month period ended December 31,		
	2004	2003	2002
Weighted average fair value of options granted...	\$0.00	\$0.00	\$4.29
Dividend yield.....	0.0%	0.0%	0.0%
Volatility.....	N/A	N/A	75.3%
Risk free rate.....	N/A	N/A	1.06%
Expected term.....	N/A	N/A	10 yrs

The Company recognizes compensation cost for stock-based employee compensation plans over the vesting period based on the difference, if any, between the quoted market price of the stock and the amount an employee must pay to acquire the stock. There was no stock option related compensation cost recognized in income for the years ended December 31, 2004, 2003 and 2002.

Under restricted stock grant agreements with several officers and directors of the Company, for the years beginning in 2001 and 2002, shares vested at the grant date. The Company recognizes compensation expense in the period the grants were awarded for years 2001 and 2002 (in 2000 the grants were amortized over a three-year period, but the change in vesting required the balance of the unamortized 2000 grant to be expensed in 2001). For stock grants issued during the years 2003 and 2004, shares vest over a three-year period for officers and one year for directors and compensation expense is recognized ratably over the period. Compensation expense recognized in connection with the restricted stock grants for the years ended December 31, 2004, 2003 and 2002 was \$241,000, \$125,000 and \$336,000, respectively.

F-18

NOTE 13 -- QUARTERLY FINANCIAL DATA (UNAUDITED):

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Summarized quarterly financial data 2004 and 2003 (in thousands, except per share data) appear below:

	Revenues, net		Contribution		Net income		Di
	2004	2003	2004	2003	2004	2003	incom
First quarter.....	\$25,394	\$23,710	\$2,475	\$ 2,313	\$187	\$ 140	\$0.0
Second quarter .....	26,893	24,501	2,771	2,958	320	377	0.0
Third quarter.....	27,216	22,257	3,133	2,649	340	261	0.0
Fourth quarter.....	28,150	23,222	3,429	2,537	339	266	0.0
Total year .....	\$107,653	\$93,690	\$11,808	\$10,457	\$1,186	\$1,044	\$0.3

(1) The sum of the quarterly earnings per share may not equal the full year earnings per share as the computations of the weighted average shares outstanding for each quarter and the full year are made independently.

#### NOTE 14 -- COMMITMENTS AND CONTINGENCIES:

##### Operating Leases --

Refer to Note 8 for a summary of lease commitments.

##### Reliance on Third Party Vendors --

The FertilityPartners centers, as well as all other medical providers who deliver services requiring fertility medication, are dependent on third-party vendors that produce such medications (including but not limited to: Lupron, Follistim, Repronex, GonalF and Pregnyl) that are vital to the provision of fertility and assisted reproduction technology services. Should any of these vendors experience a supply shortage, it may have an adverse impact on the operations of the fertility centers. To date, the fertility centers have not experienced any such adverse impacts.

##### Employment Agreements --

The Company has entered into employment and change in control severance agreements with certain of its management employees, which include, among other terms, noncompetitive provisions and salary and benefits continuation. The Company's minimum aggregate commitment under these agreements at December 31, 2004 was approximately \$1.1 million.

##### Commitments to FertilityPartners --

Pursuant to the majority of the Company's FertilityPartners agreements, the Company is obligated to perform the following: (i) advance funds to the fertility centers to fund operations and provide services; and (ii) on or before the twentieth business day of each month finance the net accounts receivable of the fertility center arising during the previous month and to transfer or pay to the fertility centers such amount of funds equal to the net accounts receivable less any amounts owed to the Company for Services fees and/or advances.

##### Litigation --

In June 2002, the Company was served with a complaint, captioned WINFertility, Inc. vs. IntegraMed America, Inc., in which the plaintiff filed an

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

action in the Supreme Court of New York, Westchester County, alleging breach of contract and seeking damages in excess of \$5 million. The Company had retained WINFertility in April 2001 to provide claims management services in connection

F-19

with the Company's Shared Risk Refund Program. WINFertility failed to provide the services for which the Company contracted and the Company terminated the contract in May 2002. Subsequent legal proceedings were resolved in January 2005. A judgement for \$246,000 was rendered against the Company in January 2005, primarily because the jury found the Company failed to give the required 30-day notice of termination under the agreement. The impact of this judgement has been reflected in the financial statements as of December 31, 2004.

On November 12, 2003 an action captioned South Broward Hospital District vs. Wayne S. Maxson, M.D. et. al. was filed against, among others, the Company and one of its FertilityPartners, in the Broward County Florida Circuit Court alleging that the Company had interfered with the contractual relationship between the Hospital and certain individuals. The Company and the other defendants have filed a motion to dismiss the Complaint, which is scheduled to be heard in March 2005. Moreover, the Company believes that if the Company's motion to dismiss is denied, the Company has meritorious defenses to the claims and that the likelihood of the suit having a material adverse effect on the financial position, results of operations or the cash flow of the Company is remote.

There are other minor legal proceedings to which the Company is a party. In the Company's opinion, the claims asserted and the outcome of such proceedings will not have a material adverse effect on the financial position, results of operations or the cash flow of the Company.

### Insurance --

As of December 31, 2004, the Company and its affiliated fertility centers were insured with respect to medical malpractice risks on a claims made basis. Effective January 1, 2005, the Company assisted in the organization of, and obtained a minority equity interest in, an offshore captive insurance company designed to offer malpractice insurance to members of its network. The majority of the equity of the captive insurance company is owned by physician practices, which are members of the IntegraMed network. Beginning January 1, 2005, this captive insurance company began providing the majority of the malpractice insurance coverage to FertilityPartner members of the IntegraMed network. Management believes, either through this captive insurance company, or on the open market, it will be able to obtain renewal coverage in the future. Management is not aware of any claims against it or its affiliated medical practices, which would expose the Company, or its affiliated medical practices to liabilities in excess of insured amounts. Therefore, none of these claims is expected to have a material impact on the Company's financial position, results of operations or cash flows.

### NOTE 15 -- RELATED PARTY TRANSACTIONS:

SDL Consultants, a company owned by Sarason D. Liebler, who became a director of the Company in August, 1994, rendered consulting services to the Company during 2004, 2003 and 2002 for aggregate fees of approximately \$96,000, \$83,000, and \$78,000, respectively.

Pursuant to the Company's FertilityPartners agreement with Shady Grove, Michael J. Levy, M.D., an employed shareholder physician of the P.C., became a

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

member of the Company's Board of Directors effective March 12, 1998. In 2004, Dr. Levy became an advisory director to the Company and was no longer a member of the Board of Directors. The medical practice at Shady Grove paid the Company \$3,214,000, \$2,909,000 and \$2,940,000 in 2004, 2003 and 2002, respectively, in service fees.

Pursuant to the Company's FertilityPartners agreement with FCI (the Illinois practice), Aaron Lifchez, M.D., an employed shareholder physician of FCI, became a member of the Company's Board of Directors in August 1997. In 2004, Dr. Lifchez became an advisory director to the Company and was no longer a member of the Board of Directors. The medical practice FCI paid the Company \$3,074,000, \$3,215,000 and \$3,500,000 in 2004, 2003 and 2002, respectively, in Service Fees.

Interest earnings on advances for capital improvements in excess of amounts stipulated in the FertilityPartner agreements were \$226,000, \$94,000 and \$37,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

F-20

### NOTE 16 -- SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION AND NON-CASH TRANSACTIONS:

Income tax payments of \$46,000, \$117,000, and \$271,000 were paid in the years ended December 31, 2004, 2003 and 2002, respectively.

Interest paid in cash during the years ended December 31, 2004, 2003 and 2002, amounted to \$295,000, \$109,000, and \$155,000, respectively. Interest income received during the years ended December 31, 2004, 2003 and 2002 amounted to approximately \$259,000, \$125,000, and \$103,000, respectively.

### NOTE 17 -- SUBSEQUENT EVENTS:

Effective January 1, 2005, the Company signed a FertilityPartner agreement to supply a complete range of business, marketing and facility services to the Reproductive Partners Medical Group, Inc., a fertility practice comprised of six physicians in the Southern California market. Under the terms of this 25-year agreement, IntegraMed has committed up to \$0.5 million to fund any necessary capital needs of the practice. Based on the terms of the transaction, IntegraMed service fees will be comprised of the Company's standard reimbursed costs of services, a variable percentage of revenues, plus an additional fixed percentage of the center's earnings. The Company expects this transaction to be immediately accretive to earnings.

Effective January 1, 2005, the Company assisted in the organization of, and obtained a minority equity interest in, an offshore captive insurance company designed to offer malpractice insurance to members of its network. The majority of the equity of the captive insurance company is owned by physician practices which are members of the IntegraMed network. Beginning January 1, 2005, this captive insurance company began providing the majority of the malpractice insurance coverage to FertilityPartner members of the IntegraMed network. The Company is contracted to provide administrative services to the captive insurance company for a compensation amount based upon a specified fee structure.

F-21

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON  
FINANCIAL STATEMENT SCHEDULE

To the Board of Directors and Shareholders  
of IntegraMed America, Inc.:

Our audits of the consolidated financial statements referred to in our report dated February 16, 2005 appearing in the 2004 Annual Report to Shareholders of IntegraMed America, Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 8 and 15 (a) (1) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/PricewaterhouseCoopers LLP

Boston, Massachusetts  
February 16, 2005

S-1

SCHEDULE II

INTEGRAMED AMERICA, INC.

VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2004, 2003, 2002

	Balance at Beginning of Period -----	Additions- Charged to Costs and Expenses -----	Deductions -----
Year Ended December 31, 2004			
Allowance for doubtful accounts receivable....	\$ 215	\$(44)	\$ 12
Shared Risk Pregnancy Loss Reserve.....	114	63	6



Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Deferred Tax Valuation Allowance.....	1,594	--	407
Year Ended December 31, 2003			
Allowance for doubtful accounts receivable....	\$ 136	\$ 86	\$ 7
Shared Risk Pregnancy Loss Reserve.....	72	114	72
Deferred Tax Valuation Allowance.....	1,594	--	--
Year Ended December 31, 2002			
Allowance for doubtful accounts receivable....	\$ --	\$141	\$ 5
Shared Risk Pregnancy Loss Reserve.....	--	141	69
Deferred Tax Valuation Allowance.....	1,480	114	--

S-2

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

INTEGRAMED AMERICA, INC.

Dated: March 22, 2005

By/s/JOHN W. HLYWAK, JR.

-----

John W. Hlywak, Jr.  
Senior Vice President  
and Chief Financial Officer  
(Principal Financial  
and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
-----	-----	----
/s/ GERARDO CANET Gerardo Canet	Chairman and Chief Executive Officer (Principal Executive Officer)	March 22, 2005
/s/ JOHN W. HLYWAK, JR ----- John W. Hlywak, Jr.	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 22, 2005

Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

/s/	SARASON D. LIEBLER		
-----			
	Sarason D. Liebler	Director	March 22, 2005
/s/	WAYNE R. MOON		
-----			
	Wayne R. Moon	Director	March 22, 2005
/s/	LAWRENCE J. STUESSER		
-----			
	Lawrence J. Stuesser	Director	March 22, 2005
/s/	ELIZABETH E. TALLETT		
-----			
	Elizabeth E. Tallett	Director	March 22, 2005

INDEX TO EXHIBITS

Item 14(c)

Exhibit Number -----		Exhibit -----
3.1 (e)	--	Certificate of Amendment to the Amended and Restated Certificate of Incorporation filed as exhibit with identical exhibit number to Registrant's Report on Form 10-Q for the period ended June 30, 2004.
3.1 (f)	--	Restated Certificate of Incorporation of IntegraMed America, Inc. filed as exhibit with identical exhibit number to Registrant's Report on Form 10-Q for the period ended June 30, 2004.
3.2 (c)	--	Copy of By-laws of Registrant (as Amended on February 17, 2004) filed as exhibit with identical exhibit number to Registrant's Report on Form 10-Q for the period ended March 31, 2004.
4.14	--	Registration Rights Ageement dated July 20, 2002 filed as Exhibit with identical number to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2002
4.14 (a)	--	Form of Warrant issued on July 30, 2002 filed as Exhibit with identical number to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2002
10.2	--	Copy of Registrant's 1992 Stock Option Plan, including form of option filed as Exhibit with identical exhibit number to Registrant's Statement on Form S-1 (Registration No. 33-47046) and incorporated herein by reference thereto.
10.2 (a)	--	Copy of Amendment to Registrant's 1992 Stock Option Plan filed as Exhibit with identical number to Registrant's Quarterly

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Report on Form 10-Q for the period ended March 31, 1998.

- 10.5 -- Severance arrangement between Registrant and Donald S. Wood filed as Exhibit with identical exhibit number to Registrant's Statement on Form S-1 (Registration No. 33-47046) and incorporated herein by reference thereto.
- 10.6 -- Copy of Executive Retention Agreement between Registrant and Donald S. Wood, Ph.D. filed as Exhibit with identical exhibit number to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994.
- 10.7 -- Copy of lease for Registrant's executive offices relocated to Purchase, New York filed as Exhibit with identical exhibit number to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994.
- 10.9 -- Copy of Employment Agreement between Registrant and Gerardo Canet filed as Exhibit with identical exhibit number to Registrant's Statement on Form S-4 (Registration No. 33-82038) and incorporated herein by reference thereto.
- 10.10 -- Copy of Change in Control Severance Agreement between Registrant and Gerardo Canet filed as Exhibit with identical exhibit number to Registrant's Statement on Form S-4 (Registration No. 33-82038) and incorporated herein by reference thereto.
- 10.11 -- Copy of the Amendment of Change in Control Severance Agreement between Registrant and Gerardo Canet filed as Exhibit with identical exhibit number to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994.
- 10.12 -- Copy of Executive Retention Agreement between Registrant and Jay Higham filed as Exhibit with identical exhibit number to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994. 10.14 -- Management Agreement dated January 7, 1997 by and between the Registrant and Bay Area Fertility and Gynecology Medical Group, Inc. filed as Exhibit with identical exhibit number to Registrant's Report on Form 8-K dated January 20, 1997.

Exhibit  
Number  
-----

Exhibit  
-----

- 10.14 (a) -- Amendment No. 1 to Management Agreement between IntegraMed America, Inc. and Bay Area Fertility and Gynecology Medical Group, Inc. filed as Exhibit with identical number to Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1998.
- 10.14 (b) -- Amendment No. 2 to Management Agreement between IntegraMed America, Inc. and Bay Area Fertility and Gynecology Medical Group, Inc. filed as Exhibit with identical number to Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1999.
- 10.14 (c) -- Amendment No. 3 to Management Agreement between IntegraMed America, Inc. and Bay Area Fertility and Gynecology Medical

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Group, Inc. dated April 1, 2000 filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2000.

- 10.14 (d) -- Amendment No. 4 to Management Agreement between IntegraMed America, Inc. and Bay Area Fertility and Gynecology Medical Group, P.C. filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2001.
- 10.14 (e) --  
Amendment No. 5 to Management Agreement between IntegraMed America, Inc. and Bay Area Fertility and Gynecology Medical Group, P. C. filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2001.
- 10.14 (f) -- Amendment No. 6 to Service Agreement between IntegraMed America, Inc. and Reproductive Science Center of the San Francisco Bay Area, a medical corporation.
- 10.15 -- Asset Purchase Agreement dated January 7, 1997 by and between the Registrant and Bay Area Fertility and Gynecology Medical Group, a California Partnership filed as Exhibit with identical exhibit number to Registrant's Report on Form 8-K dated January 20, 1997.
- 10.16 -- Management Agreement between Registrant and Fertility Centers of Illinois, S.C. dated February 28, 1997 incorporated by Reference to the Exhibit with the identical exhibit number to Registrant's Registration Statement on Form S-1 (registration No. 333-26551) filed with the Securities and Exchange Commission on May 6, 1997.
- 10.17 -- Amendment to Management Agreement between Registrant and Fertility Centers of Illinois, S.C. dated May 2, 1997 incorporated by reference to the Exhibit with the identical exhibit number to Registrant's Registration Statement on Form S-1 (Registration No. 333-26551) filed with the Securities and Exchange Commission on June 20, 1997.
- 10.18 -- Amendment No. 2 to Management Agreement between Registrant and Fertility Centers of Illinois, S.C. dated June 18, 1997 incorporated by reference to the Exhibit with the identical exhibit number to Registrant's Registration Statement on Form S-1 (Registration No. 333-26551) filed with the Securities and Exchange Commission on June 20, 1997.
- 10.19 -- Amendment No. 3 to Management Agreement between Registrant and Fertility Centers of Illinois, S.C. dated August 19, 1997 filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1997 and incorporated herein by reference thereto.
- 10.20 -- Amendment No. 4 to Management Agreement between Registrant and Fertility Centers of Illinois, S.C. dated January 9, 1998 filed as Exhibit with identical exhibit number to Schedule 13D dated February 11, 1998.
- 10.21 -- Amendment No. 5 to Management Agreement between Registrant and Fertility Centers of Illinois, S.C. dated March 5, 1998 filed as

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

Exhibit with identical exhibit number to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997.

Exhibit Number -----	Exhibit -----
10.21 (a) --	Amendment No. 6 to Management Agreement between IntegraMed America, Inc. and Fertility Centers of Illinois, S.C. dated July 1, 1999 incorporated by reference to the Registrant's Definitive Proxy Statement filed on May 5, 1997.
10.21 (b)	Amendment No. 7 to Management Agreement between IntegraMed America, Inc. and Fertility Centers of Illinois, P.C. dated April 1, 2000. filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2000.
10.21 (c) --	Amendment No. 8 to Management Agreement between IntegraMed America, Inc. and Fertility Centers of Illinois, S.C. filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2001.
10.21 (d) --	Amendment No. 9 to Service Agreement between IntegraMed America, Inc. and Fertility Centers of Illinois, S.C.
10.22 (a) --	Service Agreement between IntegraMed America, Inc. and MPD Medical Associates (MA) P.C. dated May 25, 2001 filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2001.
10.22 (b) --	Amendment No. 1 to Service Agreement between IntegraMed America, Inc. and MPD Medical Associates (MA), P.C. dated March 5, 2002 filed as exhibit with identical exhibit number to Registrant's Report on Form 10-K for the year ended December 31, 2001.
10.23	Management Agreement between Shady Grove Fertility Centers, P.C. and Levy, Sagoskin and Stillman, M.D., P.C. dated March 11, 1998 filed as Exhibit with identical exhibit number to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997.
10.23 (a) --	Amendment No. 1 to Management Agreement between Shady Grove Fertility Centers, Inc. and Levy Sagoskin and Stillman, M.D., P.C. filed as Exhibit with identical number to Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 1998.
10.23 (b) --	Amendment No. 2 to Management Agreement between Shady Grove Fertility Centers, Inc. and Levy Sagoskin and Stillman, M.D., P.C. dated May 6, 1998 filed as Exhibit with identical number to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998.
10.23 (c) --	Amendment No. 3 to the Management Agreement between IntegraMed America, Inc. and Shady Grove Reproductive Science Center, P.C. dated September 1, 1999, filed as Exhibit with identical number

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1999.

10.23 (d) -- Amendment No. 4 to Management Agreement between IntegraMed America, Inc. and Shady Grove Reproductive Science Center, P.C. dated April 1, 2000 filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2000.

10.23 (e) -- Amendment No. 5 to Management Agreement between IntegraMed America, Inc. and Shady Grove Reproductive Science Center, P.C. filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2001.

10.23 (f) -- Amendment No. 6 to Management Agreement between IntegraMed America, Inc. and Shady Grove Reproductive Science Center, P.C. filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2001.

Exhibit  
Number  
-----

Exhibit  
-----

10.23 (g) -- Amendment No. 7 to Service Agreement between IntegraMed America, Inc. and Shady Grove Reproductive Science Center, P.C.

10.24 -- Commitment letter with Fleet Bank, National Association filed as Exhibit with identical number to Registrant's Quarterly Report on form 10-Q for the period ended June 30, 1998.

10.24 (a) -- Loan Agreement dated September 11, 1998 between IntegraMed America, Inc. and Fleet Bank, National Association filed as Exhibit with identical number to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1998.

10.24 (b) -- Master Lease Agreement between Fleet Capital Corporation and IntegraMed America, Inc. filed as Exhibit with identical number to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 1999.

10.24 (c) -- Amendment Number One to Loan Agreement dated September 11, 1998 between IntegraMed America, Inc. and Fleet Bank, National Association filed as Exhibit with identical number to Registrant's Annual Report on Form 10-K for the year ended December 31, 1999.

10.24 (d) -- Amendment Number Two to Loan Agreement dated September 11, 1998 between IntegraMed America, Inc. and Fleet Bank, National Association filed as Exhibit with identical number to Registrant's Annual Report on Form 10-K for the year ended December 31, 1999.

10.24 (e) -- Amendment Number Three to Loan Agreement dated September 11, 1998 between IntegraMed America, Inc. and Fleet Bank, National Association filed as Exhibit with identical exhibit number to Registrant's Annual Report on Form 10-K for the year ended December 31, 2000.

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

- 10.24 (f) -- Amendment Number Four to Loan Agreement dated September 11, 1998 between IntegraMed America, Inc. and Fleet Bank, National Association. filed as Exhibit with identical exhibit number to Registrant's Annual Report on Form 10-K for the year ended December 31, 2000.
- 10.24 (g) -- Amended and Restated Loan Agreement dated as of September 28, 2001 between IntegraMed America, Inc. and Fleet National Bank filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2001.
- 10.24 (h) -- Amendment to Amended and Restated Loan Agreement between IntegraMed America, Inc. and Fleet National Bank dated September 20, 2002 filed as Exhibit with identical number to Registrant's Quarterly Report on form 10Q for the period ended September 30, 2002.
- 10.24 (i) -- Second Amendment to Amended and Restated Loan Agreement dated July 31, 2003 filed as exhibit with identical exhibit number to Registrant's Report on Form 10-K for the year ended December 31, 2001.
- 10.24 (j) -- Third Amendment to Amended and Restated Loan Agreement dated November 14, 2003

Exhibit  
Number  
-----

Exhibit  
-----

- 10.25 -- Service Agreement among IntegraMed Pharmaceutical Services, Inc., ivpcare, Inc. and IntegraMed America, Inc. dated January 16, 2002 filed as exhibit with identical exhibit number to Registrant's Report on Form 10-K for the year ended December 31, 2001.
- 10.26 -- Form of Retention Agreement between Registrant and Kathi Baginski, Peter Cucchiara, Dan Desmarais, Anders Engen, Jay Higham, John Hlywak, Jr., Mark Segal, Claude E. White, and Donald S. Wood, Ph.D. filed as Exhibit with identical number to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1999.
- 10.27 -- Form of Indemnification Agreement dated June 1, 2000 between IntegraMed America, Inc. and M. Fazle Husain, Michale Levy, M.D., Aaron Lifchez, M.D., Sarason Liebler, Larry Stuesser, Elizabeth E. Tallett, Gerardo Canet, Peter Cucchiara, Jay Higham, John Hlywak, Jr., Claude E. White, and Donald S. Wood, Ph.D. filed as Exhibit with identical exhibit number to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2000.
- 10.28 -- Service Agreement between IntegraMed America, Inc. and Northwest Center for Infertility and Reproductive Endocrinology dated April 26, 2002 filed as Exhibit with identical number to Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2002.
- 10.28(a) -- Amendment No. 1 to Service Agreement between IntegraMed

## Edgar Filing: INTEGRAMED AMERICA INC - Form 10-K

America, Inc. and Northwest Center for Infertility and Reproductive Endocrinology dated June 14, 2002 filed as Exhibit with identical number to Registrant's Quarterly Report on form 10Q for the period ended September 30, 2002.

- 10.28(b) -- Amendment No. 2 to Service Agreement between IntegraMed America, Inc. and Northwest Center for Infertility and Reproductive Endocrinology dated November 1, 2002 filed as exhibit with identical exhibit number to Registrant's Report on Form 10-K for the year ended December 31, 2002.
- 10.28 (c) -- Amendment No. 3 to Service Agreement between IntegraMed America, Inc. and Northwest Center for Infertility and Reproductive Endocrinology
- 10.29 -- Copy of Registrant's 2000 LongTerm Compensation Plan filed as Exhibit with identical number to Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2002.
- 10.30 -- Service Agreement between IntegraMed America, Inc and Reproductive Endocrine Associates of Charlotte, P.C. filed as Exhibit with identical number to Registrant's Quarterly Report on Form 10-Q for the period ended September 31, 2003.
- 10.31 -- Service Agreement between IntegraMed America, Inc. and Seattle Reproductive Medicine, Inc., P.S. filed as exhibit with identical exhibit number to Registrant's Report on Form 10-Q for the period ended March 31, 2004.

Exhibit  
Number  
-----

Exhibit  
-----

- 14.1 -- Code of Ethics filed as Exhibit with identical exhibit number to Registrant's Statement on Form 10-K for the year ended December 31, 2003.
- 21 -- List of Subsidiaries
- 23.1 -- Consent of PricewaterhouseCoopers LLP
- 31.1 -- CEO Certification Pursuant to 18 U.S.C. ss. 1350 as Adopted Pursuant to Section 302 of the Sarbanes Oxley Act of 2002 dated March 22, 2005.
- 31.2 -- CFO Certification Pursuant to 18 U.S.C. ss. 1350 as Adopted Pursuant to Section 302 of the Sarbanes Oxley Act of 2002 dated March 22, 2005.
- 32.1 -- CEO Certification Pursuant to 18 U.S.C. ss. 1350 as Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002 dated March 22, 2005.
- 32.2 -- CFO Certification Pursuant to 18 U.S.C. ss. 1350 as Adopted Pursuant to Section 906 of the Sarbanes Oxley Act of 2002 dated March 22, 2005.