INTEGRAMED AMERICA INC
Form 10-Q
November 14, 2005

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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13
OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended September 30, 2005

OR

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

For the transition period from to

Commission File No. 0-20260

IntegraMed America, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	06-1150326
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

Two Manhattanville Road Purchase, New York	10577
(Address of principal executive offices)	(Zip code)

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

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 whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12 b-2).

Yes [ ] No [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

The aggregate number of shares of the Registrant's Common Stock, $.01

par value, outstanding on October 26, 2005 was 5,091,528.

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PART I -- FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

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

ASSETS

	September 30, 2005 (unaudited)
Current assets:	
Cash and cash equivalents	$ 13,245
Pharmaceutical sales accounts receivable, net	1,571
Deferred income taxes, net	1,005
Prepaids and other current assets	3,074
Total current assets	18,895
Long-term assets:	
Fixed assets, net	15,617
Intangible assets, net	22,788
Deferred income taxes,net	1,717
Other assets	604
Total assets	$ 59,621

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Accounts payable	$ 825
Accrued liabilities	7,107
Current portion of long-term notes payable and other obligations	5,233
Due to Medical Practices, net	4,927
Shared Risk Refund patient deposits	5,267
Total current liabilities	23,359
Long-term notes payable and other obligations	93
Total Liabilities	23,452
Stockholders' Equity:	
Common Stock, $.01 par value - 15,000,000 and 15,000,000 shares authorized in 2005 and 2004 respectively; and 5,091,528 and 4,741,466 shares issued in 2005 and 2004, respectively	51

Capital in excess of par value	49,757
Deferred compensation	(520)
Treasury stock, at cost - 105,768 and 52,711 shares in 2005 and 2004, respectively	(937)
Accumulated deficit	(12,182)
Total stockholders' equity	36,169
Total liabilities and stockholders' equity	$ 59,621

See accompanying notes to the consolidated financial statements.

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

	For the three-month period ended September 30,		For nine-mon ended Se
	2005	2004	2005
	(unaudited)		(una
Revenues, net:			
FertilityPartners , net of Service Rights amortization of $354 and $1,061 in 2005, respectively, and $261 and $903 in 2004, respectively	$ 26,540	$ 21,535	$ 77,596
Pharmaceutical	4,871	4,102	14,054
FertilityDirect	2,565	1,579	6,526
Total	33,976	27,216	98,176
Cost of services and sales:			
FertilityPartners, including depreciation of $889 and $2,633 in 2005, respectively, and $632 and $1,926 in 2004, respectively	23,739	19,136	69,743
Pharmaceutical	4,671	3,958	13,481
FertilityDirect	1,646	989	4,084
Total	30,056	24,083	87,308
Contribution:			
FertilityPartners	2,801	2,399	7,853
Pharmaceutical	200	144	573
FertilityDirect	919	590	2,442
Total	3,920	3,133	10,868

Other expenses (income):			
General and administrative expenses, including depreciation of $85 and $286 in 2005, respectively, and $87 and $253 in 2004, respectively	3,204	2,556	8,903
Interest income	(137)	(65)	(352
Interest expense	121	77	288
Total	3,188	2,568	8,839
Income before income taxes	732	565	2,029
Income tax provision	254	225	770
Net income	$ 478	$ 340	$ 1,259
Basic earnings per share	$ 0.10	$ 0.07	$ 0.26
Diluted earnings per share	$ 0.10	$ 0.07	$ 0.25
Weighted average shares - basic	4,884	4,616	4,790
Weighted average shares - diluted	5,057	4,807	4,946

See accompanying notes to the consolidated financial statements.

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

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par	Accumulated Deficit	Treasury Stock Shares	Treasury Stock Amount
BALANCE AT DECEMBER 31, 2004	4,741	$47	$48,467	$(13,441)	53	$(337)
Options and warrants exercised	298	3	853	--	49	(559)
Stock grants issued, net	52	1	437	--	4	(41)
Stock grant amortization	--	--	--	--	--	--
Net income for the nine month ended September 30, 2005	--	--	--	1,259	--	--
BALANCE AT SEPTEMBER 30, 2005	5,091	$51	$49,757	$(12,182)	106	$(937)

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See accompanying notes to the consolidated financial statements.

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

Cash flows from operating activities:
Net income ....

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization

Deferred income taxes

Deferred compensation

Change in assets and liabilities --

Decrease (increase) in assets:

Pharmaceutical sales accounts receivable

Prepaids and other current assets

Other assets

Increase (decrease) in liabilities:

Accounts payable

Accrued liabilities

Due to Medical Practices

Shared Risk Refund patient deposits

Net cash provided by operating activities

Cash flows used in investing activities:

Payment for Exclusive Service Rights

Trademarks

Purchase of fixed assets and leasehold improvements

Net cash used in investing activities

Cash flows provided by (used in) financing activities:

Proceeds from revolving debt agreement

Principal repayments on debt

Principal repayments under capital lease obligations

Proceeds from exercise of common stock warrants and options

Repurchase of common stock

Net cash provided by (used in) financing activities

Net change in cash and cash equivalents

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

Supplemental Information:

Interest paid

Income taxes paid

See accompanying notes to the consolidated financial statements.

INTEGRAMED AMERICA, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 -- INTERIM RESULTS:

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, accordingly, do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position at September 30, 2005, and the results of operations and cash flows for the interim periods presented. Operating results for the interim period are not necessarily indicative of results that may be expected for the year ending December 31, 2005. These financial statements should be read in conjunction with the audited financial statements and notes thereto included in IntegraMed America's (the "Company") Annual Report on Form 10-K for the year ended December 31, 2004.

Certain amounts in the December 31, 2004 and the interim 2004 presentations have been reclassified to conform with the 2005 presentation. See Note 2 and Note 8.

NOTE 2 -- COMMON SHARES OUTSTANDING:

All common share numbers reported herein reflect the 30% Stock Split effected in the form of a Dividend declared by the Board of Directors on May 23, 2005 and paid to shareholders on June 22, 2005.

NOTE 3 -- EARNINGS PER SHARE:

The reconciliation of the numerators and denominators of the basic and diluted EPS computations for the three month and nine-month periods ended September 30, 2005 and 2004 is as follows (000's omitted, except for per share amounts):

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2005	2004	2005	2004
Numerator				
Net Income	$ 478	$ 340	$1,259	$ 847
Denominator				
Weighted average shares outstanding (basic)	4,884	4,616	4,790	4,667
Effect of dilutive options and warrants	173	191	156	252
Weighted average shares and dilutive potential Common shares (diluted)	5,057	4,807	4,946	4,919
Basic EPS	$ 0.10	$ 0.07	$ 0.26	$ 0.18
Diluted EPS	$ 0.10	$ 0.07	$ 0.25	$ 0.17

For the three-month and nine-month period ended September 30, 2005, there were no outstanding options or warrants to purchase shares of Common Stock which were excluded from the computation of the diluted earnings per share amount as the exercise prices of all outstanding options and warrants were less than the average market price of the shares of Common Stock.

For the three-month period ended September 30, 2004, the effect of the assumed exercise of options to purchase approximately 10,000 shares of Common Stock at an exercise price of $6.15 per share was excluded in computing the diluted per share amount because the exercise prices of the options were greater than the

average market price of the shares of Common Stock, therefore causing these options to be anti-dilutive. For the nine-month period ended September 30, 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.

NOTE 4 -- SEGMENT INFORMATION:

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

	Corporate	Business Services	Pharmaceutic Distributio
For the three months ended September 30, 2005			
Revenues....................................	$ --	$29,105	$4,871
Cost of services and sales...................	--	25,385	4,671
Contribution................................	--	3,720	200
General and administrative costs.............	3,204		
Interest, net...............................	(16)		
Income before income taxes...................	(3,188)	3,720	200
Depreciation expense included above...........			
Capital expenditures.........................	250	404	--
Total assets................................	13,512	44,113	1,996
For the nine months ended September 30, 2005			
Revenues....................................	$ --	$84,122	$14,054
Cost of services and sales...................	--	73,827	13,481
Contribution................................	--	10,295	573
General and administrative costs.............	8,903		
Interest, net...............................	(64)		

Income before income taxes..................	(8,839)	10,295	573
Depreciation expense included above...........			
Capital expenditures.........................	813	2,856	--
Total assets.................................	13,512	44,113	1,996

INTEGRAMED AMERICA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(unaudited)

	Corporate	Business Services	Pharmaceutic Distributio
For the three months ended September 30, 2004			
Revenues..	$ --	$23,114	$4,102
Cost of services............................	--	20,125	3,958
Contribution................................	--	2,989	144
General and administrative costs.............	2,556		
Interest, net...............................	12		
Income before income taxes..................	(2,568)	2,989	144
Depreciation expense included above...........			
Capital expenditures.........................	316	1,687	
Total assets.................................	37,831	13,761	2,123
For the nine months ended September 30, 2004			
Revenues..	$ --	$67,732	$11,771
Cost of services............................	--	59,793	11,331
Contribution................................	--	7,939	440
General and administrative costs.............	6,928		
Interest, net...............................	44		
Income before income taxes..................	(6,972)	7,939	440
Depreciation expense included above...........			
Capital expenditures.........................	458	4,495	--
Total assets.................................	37,831	13,761	2,123

NOTE 5 -- STOCK-BASED EMPLOYEE COMPENSATION:

As of September 30, 2005, the Company had two stock-based employee compensation plans, which are described more fully in Note 12 of the Company's financial statements in its most recent Annual Report on Form 10-K. Prior to fiscal 2003, the Company accounted for those 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.

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INTEGRAMED AMERICA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
(unaudited)

The following table illustrates the effect on net income and earnings per share as if the fair value based method had been applied to all outstanding and unvested awards in each period. (000's omitted, except per share amounts).

	For the three-month period ended September 30,		en
	2005	2004	
Net Income, as reported..............................	$478	$340	$1
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects..	64	38	
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects............	(111)	(99)	
Pro forma net income.................................	431	279	1
Earnings per share:			
Basic-as reported................................	$0.10	$0.07	
Basic-pro forma..................................	$0.09	$0.06	
Diluted-as reported..............................	$0.10	$0.07	
Diluted-pro forma................................	$0.09	$0.06	

NOTE 6 -- LITIGATION

As of September 30, 2005, there are no legal proceedings to which the Company is a party.

NOTE 7 -- RECENT ACCOUNTING STANDARDS

The Company discloses its critical accounting policies in its Form 10-K filed with the Securities and Exchange Commission. Since December 31, 2004, none of those policies has changed, nor has any been added.

In December 2004, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 123R, "Share-Based Payment," which is a revision of SFAS No. 123, "Accounting For Stock-Based compensation." SFAS 123R requires that all share based compensation, including current grants and the unvested portion of stock options previously issued, is to be recognized in the income statement based on their fair value as of date of issue. This Statement is effective for the fiscal year beginning January 1, 2006, and is expected to increase our General and Administrative expense, and reduce pre-tax income by approximately $87,000 for the year ending December 31, 2006, based on unvested stock options currently outstanding.

NOTE 8 -- CHANGE IN PRESENTATION: DUE TO MEDICAL PRACTICES

In order to more properly reflect our relationship with our Partner Practices, Due to Medical Practices now includes deposits from patients for medical services to be performed. As a result of this change in presentation, Total Assets and Total Liabilities were each reduced by $9.9 million and $8.1 million as of September 30, 2005 and December 31, 2004, respectively. There was no change to working capital, cash flow from operations or results of operations in any reporting period.

Due to Medical Practices is now comprised of funds due the Company from advances to our FertilityPartners as financing for their patient and insurance receivables, less amounts due FertilityPartners for undistributed physician earnings and deposits received from patients in advance of medical services to be performed.

As of September 30, 2005 and December 31, 2004, Due to Medical Practices were comprised of the following balances:

	September 30, 2005	December 31, 2004
Advances to FertilityPartners............	$13,602	$12,160
Undistributed Physician Earnings.........	(3,712)	(4,030)
Patient Deposits........................	(14,817)	(11,421)
Due to Medical Practices, net...........	$(4,927)	$(3,291)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto included in this quarterly report and with IntegraMed America Inc.'s Annual Report on Form 10-K for the year ended December 31, 2004.

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, a pharmaceutical products and services subsidiary, a financing subsidiary, the Council of Physicians and Scientists, and a leading fertility portal (www.integramed.com). Seventeen affiliate fertility centers purchase discrete service packages provided by the Company and eight fertility centers 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 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 contracts; (iv) increasing revenues at contracted FertilityPartners 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; and (vi) increasing sales of pharmaceutical products and services.

Major events impacting financial condition and results of operations

During 2003, the Company negotiated revised fee structures on three of its existing FertilityPartner contracts. In all three of these contracts, the company began a phased-in fee reduction, which commenced in the first quarter of 2004, and is expected to extend through 2006. Beginning in the year 2006, these revised contracts contain a maximum limit on the amount of fees the Company can earn, which are based on the earnings of the underlying fertility centers. The maximum limitation on one contract is below the fees expected to be earned by the Company on this contract in 2005. The company's other FertilityPartner agreements do not contain fee reduction or fee limitation provisions.

On January 1, 2004, the Company signed a FertilityPartner 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. 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's service fees will be comprised of the Company's standard reimbursed costs of services, a tiered percentage of revenues, plus an additional fixed percentage of the center's earnings.

Effective January 1, 2005, the Company became a minority equity investor in the Assisted Reproductive Technology Insurance Company, LLC, ("ARTIC"). ARTIC is incorporated as an off-shore captive insurance company designed to offer malpractice insurance to physicians within the IntegraMed network. IntegraMed's equity investment of $50,000 represents a 10% ownership stake, which is accounted for on the equity basis. The remaining equity of ARTIC is owned by participating physician groups. IntegraMed has agreed to provide certain administrative and risk management related services to ARTIC for a predetermined fee.

On May 23, 2005, the Company declared a 30% stock split effected in the form of a stock dividend for all holders of record as of June 8, 2005. As a result of this dividend, 1,129,141 new shares of the Company's common stock were issued on the payment date of June 22, 2005. No fractional shares were issued as all fractional amounts were rounded up to the next whole share. All weighted average shares outstanding and earnings per share calculations have been restated to reflect the stock split.

During the second quarter of 2005 the Company and Theralogix, a developer of evidence-based nutritional supplements, announced the launch of Fertility Sciences, LLC, a new venture committed to developing nutritional supplements to help enhance fertility. Fertility Science's mission is to facilitate the responsible use of evidence-based, complementary therapies in reproductive practice. The company distributes a limited number of evidence-based nutritional supplements, which are formulated and endorsed by leading fertility specialists, and certified for purity and content accuracy. The company's first product offering, ConceptionXR for Men, targets male factor infertility. The supplement is intended to benefit fertility providers and patients by providing a product whose formula is vetted by highly-credentialed scientists and whose manufacturing, bottling and labeling is overseen by NSF International, a global leader in independent third-party certification.

Subsequent to September 30, 2005, the Company and ivpcare, inc. entered into a new agreement and canceled their agreement of January 16, 2002. Under the prior agreement, the Company was a distributor of pharmaceutical products to patients of its affiliated practices. The Company outsourced fulfillment of its distribution efforts to ivpcare while retaining its responsibilities for marketing and financing cash flow and the related accounts receivable. As a result, the Company recorded all sales, cost of sales and other costs related to this operation. The new agreement calls for ivpcare to take over responsibilities for financing cash flow and the related accounts receivable. The Company will retain its marketing duties and will be paid a fee for those services. Those fees will approximate the Company's current contribution from operations from pharmaceutical sales and services, and will be shown on a "net" rather than "gross" basis. As a result, the Company will no longer record pharmaceutical sales, the related cost of sales and other costs related to pharmaceutical distribution. Beginning in the fourth quarter of 2005, we believe revenues and cost of sales will be reduced by significant amounts, however (assuming the same volume of pharmaceutical products is distributed) contribution from operations and income before income taxes, as well as net income, will be virtually unaffected from this contract change.

Results of Operations

The following table shows the percentage of net revenues represented by various expense and other income items reflected in our Consolidated Statement of Operations.

	For the three-month period ended September 30,		For the nine-month p ended Septemb
	2005	2004	2005
	(unaudited)		
Revenues, net			
FertilityPartners	78.1%	79.1%	79.0%
Pharmaceutical	14.3%	15.1%	14.3%
FertilityDirect	7.6%	5.8%	6.7%
Total	100.0%	100.0%	100.0%
Costs of services incurred:			
FertilityPartners	69.9%	70.3%	71.0%
Pharmaceutical	13.7%	14.6%	13.7%
FertilityDirect	4.9%	3.6%	4.2%
Total	88.5%	88.5%	88.9%
Contribution			
FertilityPartners	8.2%	8.8%	8.0%
Pharmaceutical	0.6%	0.6%	0.6%
FertilityDirect	2.7%	2.2%	2.5%
Total	11.5%	11.4%	11.1%
General and administrative expenses...	9.4%	9.4%	9.1%
Interest income.......................	(0.4)%	(0.3)%	(0.4)%
Interest expense......................	0.4%	0.2%	0.3%
Total other expenses............	9.4%	9.4%	9.0%
Income before income taxes...........	2.2%	2.1%	2.1%

Provision for income taxes...........	0.8%	0.8%	0.8%	
Net income...........................	1.4%	1.3%	1.3%	

Three Months Ended September 30, 2005 Compared to Three Months Ended September 30, 2004

Revenues for the three months ended September 30, 2005 increased approximately $6.8 million, or 24.8%, from the same period in 2004. The main growth factors contributing to this increase were:

(i) Revenues at our FertilityPartner locations increased by $5.0 million, or 23.2% during the quarter ended September 30, 2005, from the same period in the prior year. Revenues at our six FertilityPartner centers opened prior to 2004, increased by $1.9 million, or 8.9%. This increase resulted from growth in new patient volume and clinical billings at the FertilityPartner level, and is attributable to our ongoing direct to consumer marketing efforts. Revenue from our two recent FertilityPartner centers, located in the Seattle, Washington and Southern California markets, who joined our network in January 2004 and January 2005 respectively, totaled $3.6 million in the third quarter of 2005 versus revenues of $0.5 million in the prior year.

(ii) Revenue at our pharmaceutical unit increased by $769,000, or 18.8% during the third quarter of 2005 from the same period in 2004. This revenue growth was based on additional product shipments resulting from increased pharmaceutical sales penetration within both the FertilityPartner and affiliated clinics participating in our network.

(iii) FertilityDirect revenues, which are comprised primarily of our Shared Risk Refund program, membership fees from affiliated clinics, and administrative fees earned from ARTIC, increased by $986,000, or 62.4% from prior year levels. We plan to continue aggressive promotion of our FertilityDirect product lines and anticipate that these programs will continue to show strong revenue growth in future quarters.

Contribution of $3.9 million in the third quarter of 2005 was up $787,000, or 25.1% from the same period in 2004. As a percentage of revenue, the contribution margin increased to 11.5% in the third quarter of 2005 from 11.4% in the third quarter of 2004. The following factors had a significant effect on third quarter 2005 contribution:

(i) Contribution generated by our FertilityPartners agreements increased by a net $402,000, or 16.8%, in the third quarter of 2005 versus the same period in 2004.

(ii) Pharmaceutical contribution increased by $57,000, or 39.9%, and margin rates increased to 4.1%, during the third quarter of 2005 from 3.5% in 2004. We anticipate that these margins will stabilize in their historic range of 3.5 - 4.0%.

(iii) Contribution from our FertilityDirect programs increased by $328,000, or 55.5% from the same period in the prior year. This increase was driven by significant growth in Shared Risk Refund patient volume, continuing monthly membership fees from affiliated network clinics and a contribution of $31,000 from ARTIC management fees.

General and Administrative expenses increased by $648,000 in the third quarter of 2005 versus the same period in 2004. The major factors responsible for this increase were additional personnel costs associated with a net headcount increase of six full time employees (FTE's), designed to support the business services offered to our expanding FertilityPartner locations, additional personnel costs associated with a net headcount increase of three FTE's related to increased volume in our FertilityDirect product lines, and costs related to our HIPAA, FDA and Sarbanes-Oxley regulatory compliance efforts.

Interest income rose to $137,000 for the quarter ended September 30, 2005, from $65,000 in 2004. This increase was mainly attributable to finance charges assessed to various FertilityPartner locations on invested capital in excess of predefined limits, interest income on advances and business loans, as well as higher market interest rates on available cash balances.

Interest expense increased by $44,000 from the same quarter in the prior year as a result of slightly higher average debt levels during the quarter and higher market interest rates.

The provisions for income tax were $254,000, versus $225,000, for the quarters ended September 30, 2005 and 2004, respectively. The tax rates of 34.7% for the third quarter of 2005, and 39.8% for the third quarter of 2004 included provisions for both federal and state taxes. The reduction in tax provision was due to revised estimates of the Company's current State tax liabilities.

Nine month Ended September 30, 2005 Compared to Nine month Ended September 30, 2004

Revenues for the nine months ended September 30, 2005 increased by a net of approximately $18.7 million, or 23.5%, from the same period in 2004. The main factors contributing to this increase were:

(i) Revenues at our FertilityPartner centers increased by $14.0 million, or 22.0% from prior year levels. Growth at FertilityPartner locations open prior to January 1, 2004 increased by $4.3 million from the same period in the prior year. Our two FertilityPartners agreements signed subsequent to January 1, 2004, and located in the Seattle, Washington and Southern California markets, contributed revenues of $10.3 million and $0.7 million in the first nine months of 2005 and 2004, respectively. With additional focus on direct to consumer advertising, we anticipate continued in-market revenue growth among our FertilityPartner locations.

(ii) Revenue at our pharmaceutical unit increased by $2.3 million, or 19.4% from the same period in 2004. This increase reflects enhanced sales penetration levels among our network members and their growing patient populations.

(iii) FertilityDirect revenues increased by $2.4 million, or 58.2% from the same period in 2004. This increase is primarily the result of continued strong consumer demand for our Shared Risk Refund product. During 2005 we enhanced the Shared Risk Refund program by offering additional frozen embryo cycles to patients at no additional cost.

Contribution for the first nine months of 2005 increased by $2.5 million, or 29.7%, to $10.9 million from $8.4 million for the same period in 2004. The main factors driving this increase were as follows:

(i) Contribution generated by our FertilityPartner agreements increased by $1.2 million in the first nine months of 2005 relative to the same period in 2004. Contribution by FertilityPartner locations opened prior to January 1, 2004 increased by $0.1 million, with contribution by the two FertilityPartner locations opened subsequent to January 1, 2004 accounting for $1.1 million of the increase. Contribution increases at the FertilityPartner locations opened prior to January 1, 2004 was hampered by results at one clinic, and previously disclosed pricing adjustments on several FertilityPartner contracts.

(ii) Pharmaceutical contribution increased by $0.1 million, or 30.4%, over the first nine months of 2004. Margin rates increased to 4.1% for the first nine months of 2005 versus 3.7% for the similar period in 2004. As previously stated, historical margin rates at our pharmaceutical unit have averaged in the 3.5 - 4.0% range.

(iii) Contribution from the FertilityDirect program increased by $1.1 million, or 85.8% from the same period in the prior year. This increase reflects continued strong volume growth within our Shared Risk Refund program, as well as better than anticipated pregnancy success rates by Shared Risk patients. Contribution from ARTIC administration and risk management fees totaled $78,000 for the first nine months of 2005.

General and Administrative costs increased by approximately $2.0 million in the first nine months of 2005 versus the first nine months of 2004. As previously discussed, this increase is driven by additional personnel investments directly related to supporting revenue growth within our FertilityPartner and FertilityDirect product lines as well as compliance costs related to HIPAA, FDA and Sarbanes-Oxley requirements.

Interest income increased by $167,000 to $352,000 for the nine months ended September 30, 2005, from $185,000 in the same period in 2004. This increase was attributable to finance charges assessed to various FertilityPartner locations on invested capital, interest earned on advances and loans and higher market interest rates earned on investable cash balances. Interest expense also increased to $288,000 from $229,000 from the same period in the prior year primarily as a result of higher market interest rates on our outstanding debt.

Our provisions for income taxes were approximately 37.9% of pre-tax income for the nine months ended September 30, 2005 and 39.8% of pre-tax income for the nine months ended September 30, 2004. Tax expense in both years included provisions for both federal and state tax liabilities. The reduction in tax provision was due to revised estimates of the Company's current State tax liabilities.

Off-balance Sheet Arrangements

In December 2003, the FASB issued FASB Interpretation No. 46 (FIN 46R revised December 2003), "Consolidation of Variable Interest Entities," ("VIE's") which replaced FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," issued in January 2003. FIN 46R addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. 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 VIE's, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of September 30, 2005, we were not involved in any unconsolidated VIE transactions.

Liquidity and Capital Resources

Historically, we have financed our operations by the sale of equity securities, issuance of notes and internally generated resources. In addition, we also use bank financing for working capital and business development purposes. Our working capital as of September 30, 2005 was a negative $4.5 million as compared to a working capital of $0.3 million on December 31, 2004. Approximately $2.0 million of this change in working capital results from recording our entire outstanding commitments with Bank of America as a current liability since our existing credit agreement expires in June 2006. Negotiations have been completed on renewing our credit agreements, but they were unsigned as of our reporting date of September 30, 2005. Other factors affecting our working capital have been ongoing investments in capital assets designed to promote continued revenue growth, and the payment of Business Service Rights related to our recent Southern California FertilityPartner contract. We believe that cash flows from our operations plus our credit facilities and term loan will be sufficient to provide for our future liquidity needs for the next twelve months.

Patient deposits, which are reflected as a current liability, represent funds received from patients in advance of treatment cycles, increased by $5,890,000 since December 31, 2004 to $20,083,000 as of September 30, 2005. These deposits, which are comprised of both Shared Risk and non-Shared Risk sources, are prepayments of future revenues from patients without full insurance coverage. Deposits are a significant source of recurring cash flow and represent interest free financing for us.

On July 31, 2003, we entered into a credit agreement with Bank of America (formerly Fleet Bank). This agreement was comprised of a $7.0 million three-year working capital revolver and a $5.75 million three-year term loan. Each of these components bear interest by reference to Bank of America's prime rate or LIBOR, at our 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 loan is payable monthly and interest on LIBOR-based loan is payable on the last day of each applicable interest period. 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. As of September 30, 2005, the term loan had an outstanding balance of approximately $3.2 million and we had borrowed $2.0 million under the working capital revolver agreement for general corporate purposes. The remaining working capital revolver balance of $5.0 million is available to us. The Bank of America credit facility is collateralized by all of our assets. The credit facility is subject to several covenants, all of which were met as of September 30, 2005.

We continuously review our 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 our contractual obligations and other commercial commitments at September 30, 2005, and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

	Payments Due by Period			
	Total	Less than 1 year	1 - 3 years	4 - 5 years
Notes Payable.................	$ 5,162,000	$ 5,162,000	$ --	$ --
Capital lease obligations.....	164,000	71,000	93,000	--
Operating leases..............	37,490,000	6,158,000	10,947,000	8,672,000
FertilityPartners capital projects..................	500,000	500,000	--	--
Total contractual cash obligations..........	$43,316,000	$11,891,000	$11,040,000	$8,672,000

	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	$ --	$ --

We also have commitments to provide accounts receivable financing under our FertilityPartners agreements. Our financing of this receivable generally occurs by the 20th business day of each month. The medical practice's repayment priority consists of the following:

(i) Reimbursement of expenses that we have incurred on their behalf;

(ii) Payment of the fixed or, if applicable, the variable portion of the service fee which relates to the FertilityPartners revenues; and

(iii) Payment of the variable portion of the service fee.

We are responsible for the collection of receivables, which we finance. We have 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, we could draw on our existing working capital line of credit. We make payments on behalf of the FertilityPartners for which we are reimbursed in the short-term. Other than these payments, as a general course, we do not make other advances to the medical practice. Other than the capital commitments, we have no other funding commitments to the FertilityPartners.

Recent Accounting Standards

The Company discloses its critical accounting policies in its Form 10-K filed with the Securities and Exchange Commission. Since December 31, 2004, none of those policies has changed, nor has any been added.

In December 2004, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 123R, "Share-Based Payment," which is a revision of SFAS No. 123, "Accounting For Stock-Based compensation." SFAS 123R requires that all share based compensation, including current grants and the unvested portion of stock options previously issued, is to be recognized in the income statement based on their fair value as of date of issue. This Statement is effective for the fiscal year beginning January 1, 2006, and is expected to increase our General and Administrative expense, and reduce pre-tax income by approximately $87,000 for the year ending December 31, 2006, based on unvested stock options currently outstanding.

Forward Looking Statements

This Form 10-Q 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 involves 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, 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. The Company is under no obligation to (and expressly disclaims any such obligation) update or alter any forward-looking statements whether as a result of new information, future events or otherwise.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

For information regarding our exposure to certain market risks, see Item 7A, QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK, in our Annual Report on Form 10-K for the year ended December 31, 2004. As of September 30, 2005, a one percent increase in interest rates would have a negligible impact on the company, reducing both pre-tax and after tax income by less than $1,000.

Item 4. Controls and Procedures

(a) 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 under the Exchange Act) as of September 30, 2005 (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective in timely alerting them to the material information relating to us required to be included in our periodic SEC filings.

Section 404 of the Sarbanes-Oxley Act requires the Company's management to provide an assessment of the effectiveness of the Company's internal control over financial reporting as of the end of fiscal year 2007. The Company is in the process of performing the system and process documentation, evaluation and testing necessary to make its assessment. The Company has not completed this process or its assessment. In the process of evaluation and testing, the Company may identify deficiencies that will require remediation.

(b) Changes in internal controls.

There were no significant changes made in our internal controls during the period covered by this report or, to our knowledge, in other factors that could significantly affect these controls subsequent to the date of their evaluation.

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Part II - OTHER INFORMATION

Item 1. Legal Proceedings.

As of September 30, 2005, there are no legal proceedings to which the Company is a party.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

During the first nine months of 2005, the Company obtained 53,057 shares of its Common Stock that are now held as treasury shares, as payment for withholding taxes on stock grants and as consideration for the exercises of stock options, from employees and individuals affiliated with its Network. The Company currently has no plans to dispose of these shares.

In June 2005, the company obtained 12,793 additional shares of its Common Stock as a result of a 30% stock split, effected in the form of a stock dividend, on existing treasury shares held by the Company. The Company currently has no plans to dispose of these shares.

Item 3. Defaults Upon Senior Securities.
None.

Item 4. Submission of Matters to Vote of Security Holders.
None.

Item 5. Other Information.
None.

Item 6. Exhibits.

See Index to Exhibits on Page 23.

SIGNATURES

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

INTEGRAMED AMERICA, INC.
(Registrant)

Date: November 14, 2005 By: /s/: John W. Hlywak, Jr.

John W. Hlywak, Jr.
Senior Vice President and
Chief Financial Officer

(Principal Financial and
Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number		Exhibit
10.12 (a)	--	Employment Agreement between IntegraMed America, Inc. and Jay Higham
10.25 (a)	--	Termination and Settlement Agreement by and among IntegraMed America, Inc , ivpcare, inc. and IntegraMed Pharmaceutical Services, Inc. filed as Exhibit with identical number to Registrant's Form 8-K dated October 31, 2005
10.25 (b)	--	Agreement between ivpcare, inc. and IntegraMed America, Inc. filed as Exhibit with identical number to Registrant's Form 8-K dated October 31, 2005
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 November 14, 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 November 14, 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 November 14, 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 November 14, 2005.