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INTEGRAMED AMERICA INC
Form 10-Q
May 15, 2003

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

FORM 10-Q

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

For the quarterly period ended March 31, 2003

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
(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)

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 No

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

Yes No

The aggregate number of shares of the Registrant's Common Stock, \$.01 par value, outstanding on May 1, 2003 was 3,372,508.

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INTEGRAMED AMERICA, INC.
FORM 10-Q

TABLE OF CONTENTS

	PAGE
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Balance Sheets at March 31, 2003 (unaudited) and December 31, 2002.....	3
Consolidated Statements of Income for the three-month periods ended March 31, 2003 and 2002 (unaudited).....	4
Consolidated Statements of Cash Flows for the three-month periods ended March 31, 2003 and 2002 (unaudited).....	5
Notes to Consolidated Financial Statements (unaudited)....	6-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	9-13
Item 3. Quantitative and Qualitative Disclosures About Market Risk.....	14
Item 4. Controls and Procedures.....	14
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings.....	15
Item 2. Changes in Securities.....	15
Item 3. Defaults upon Senior Securities.....	15
Item 4. Submission of Matters to a Vote of Security Holders.....	15
Item 5. Other Information.....	15
Item 6. Exhibits and Reports on Form 8-K.....	15
SIGNATURES	16
CERTIFICATIONS PURSUANT TO 18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.....	17-18

PART I -- FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

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

ASSETS	March 31, ----- 2003 ----- (unaudited)	Dec ----- ----- -----
Current assets:		
Cash and cash equivalents	\$ 6,792	\$
Due from Medical Practices, net	7,108	
Pharmaceutical sales accounts receivable	2,016	
Prepays and other current assets	2,767	
	-----	-----
Total current assets	18,683	
Fixed assets, net	5,284	
Exclusive Service Rights, Net	19,224	
Deferred taxes	3,903	
Other assets	293	
	-----	-----
Total assets	\$ 47,387	\$
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 530	\$
Accrued liabilities	5,415	
Current portion of long-term notes payable and other obligations	1,061	
Patient deposits	8,590	
	-----	-----
Total current liabilities	15,596	
	-----	-----
Long-term notes payable and other obligations	61	
	-----	-----
Commitments and contingencies		
Stockholders' Equity:		
Common Stock, \$.01 par value - 50,000,000 shares authorized in 2003 and 2002; and 3,429,775 and 3,353,884 shares issued in 2003 and 2002, respectively ..	34	
Capital in excess of par	47,216	
Accumulated deficit	(15,520)	
	-----	-----
Total stockholders' equity	31,730	
	-----	-----
Total liabilities and stockholders' equity	\$ 47,387	\$
	=====	=====

See accompanying notes to the consolidated financial statements.

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

	For the three-month period ended March 31,	
	2003	2002
	-----	-----
	(unaudited)	
Revenues, net		
FertilityPartners Service Fees	\$ 18,374	\$ 15,600
Pharmaceutical sales	4,862	4,220
Other revenues	474	231
	-----	-----
Total revenues	23,710	20,051
	-----	-----
Cost of services and sales:		
FertilityPartners Service Fees	16,365	13,592
Pharmaceutical costs	4,742	4,058
Other costs	290	121
	-----	-----
Total costs of services and sales	21,397	17,771
	-----	-----
Contribution:		
FertilityPartners Service Fees	2,009	2,008
Pharmaceutical contribution	120	162
Other contribution	184	110
	-----	-----
Total contribution	2,313	2,280
	-----	-----
General and administrative expenses	2,085	1,803
Interest income	(22)	(38)
Interest expense	19	38
	-----	-----
Total other expenses	2,082	1,803
	-----	-----
Income before income taxes	231	477
Income tax provision	91	186
	-----	-----
Net income	\$ 140	\$ 291
Less: Dividends paid and/or accrued on Preferred Stock...	--	(33)
	-----	-----
Net income applicable to Common Stock	\$ 140	\$ 258
	=====	=====
Basic and diluted earnings per share of Common Stock:...	\$ 0.04	\$ 0.08
	=====	=====
Weighted average shares - basic	3,357	3,061
	=====	=====
Weighted average shares - diluted	3,571	3,245
	=====	=====

See accompanying notes to the consolidated financial statements.

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

	For the three-month period ended March 31,	
	2003	2002
	(unaudited)	
Cash flows from operating activities:		
Net income	\$ 140	\$ 291
Adjustments to reconcile net income to net cash used/provided by operating activities:		
Depreciation and amortization	792	635
Change in assets and liabilities--		
Decrease (increase) in assets:		
Due from Medical Practices	(1,811)	427
Pharmaceutical sales accounts receivable	(379)	(1,353)
Prepays and other current assets	121	218
Other assets	63	163
Increase (decrease) in liabilities:		
Accounts payable	(293)	502
Accrued liabilities	(1,031)	(117)
Patient deposits	1,382	1,287
Net cash used/provided by operating activities	(1,018)	2,053
Cash flows used in investing activities:		
Payment for exclusive Business Service rights	--	(350)
Purchase of fixed assets and leasehold improvements	(629)	(538)
Net cash used in investing activities	(629)	(888)
Cash flows used in financing activities:		
Principal repayments on debt	(250)	(324)
Principal repayments under capital lease obligations	(38)	(35)
Proceeds from exercise of Common Stock Warrants and options	34	--
Dividends paid on Convertible Preferred Stock	--	(33)
Net cash used in financing activities	(254)	(392)
Net change in cash	\$ (1,901)	\$ 773
Cash at beginning of period	8,693	8,505
Cash at end of period	\$ 6,792	\$ 9,278

See accompanying notes to the consolidated financial statements.

INTEGRAMED AMERICA, INC.
 NOTES TO 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 March 31, 2003, 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, 2003. These financial statements should be read in conjunction with the financial statements and notes thereto included in IntegraMed America's (the "Company") Annual Report on Form 10-K for the year ended December 31, 2002.

NOTE 2 -- EARNINGS PER SHARE:

The reconciliation of the numerators and denominators of the basic and diluted EPS computations for the three-month periods ended March 31, 2003 and 2002 is as follows (000's omitted, except for per share amounts):

	For the three-month period ended March 31,	
	2003	2002
	-----	-----
Numerator		
Net Income.....	\$ 140	\$ 291
Less: Preferred stock dividends.....	--	33
	-----	-----
Income applicable to Common Stock.....	\$ 140	\$ 258
	=====	=====
Denominator		
Weighted average shares outstanding.....	3,357	3,061
Effect of dilutive options and warrants.....	214	184
	-----	-----
Weighted average shares and dilutive potential Common shares.....	3,571	3,245
	=====	=====
Basic and diluted EPS.....	\$0.04	\$0.08
	=====	=====

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For the three-month period ended March 31, 2003, the effect of the assumed exercise of options to purchase approximately 166,000 shares of Common Stock at exercise prices ranging from \$5.65 to \$6.15 per share were excluded in computing the diluted per share amount because the exercise price of the options was greater than the average market price of the shares of Common Stock, therefore causing these options to be antidilutive. For the three-month period ended March 31, 2002, the effect of the assumed exercise of options to purchase approximately 235,000 shares of Common Stock at exercises prices ranging from \$5.38 to \$5.98 per share were 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, thereby causing these options to be antidilutive.

6

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

For the three-month period ended March 31, 2003, the effect of the assumed exercise of warrants to purchase approximately 106,000 shares of Common Stock at exercise prices ranging from \$6.25 to \$9.00 per share were excluded in computing the diluted per share amount because the exercise prices of the warrants were greater than the average market price of the shares of Common Stock, thereby causing these warrants to be antidilutive. For the three-month period ended March 31, 2002, the effect of the assumed exercise of warrants to purchase approximately 25,000 shares of Common Stock at exercise prices ranging from \$5.13 to \$7.24 per share were excluded in computing the diluted per share amount because the exercise prices of the warrants were greater than the average market price of the shares of Common Stock, thereby causing these warrants to be antidilutive.

NOTE 3 -- 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 Fertility Partners and its pharmaceutical distribution operations as separate reporting segments. The Business Services segment includes revenues and costs categorized as Fertility Partners Service Fees and Other Revenues, as follows (000's omitted):

	Corporate -----	Business Services -----	Pharmaceutic Distributio -----
For the three months ended March 31, 2003			
Revenues.....	\$ --	\$18,848	\$4,862
Cost of services.....	--	16,655	4,742
	-----	-----	-----
Contribution.....	--	2,193	120
General and administrative costs.....			
Interest, net.....			
Income (loss) before income taxes.....			

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Depreciation expense included above.....			
Capital expenditures.....	162	467	--
Total Assets.....	10,453	34,401	2,533
For the three months ended March 31, 2002			
Revenues.....	\$ --	\$15,831	\$4,220
Cost of services.....	--	13,713	4,058
	-----	-----	-----
Contribution.....	--	2,118	162
	-----	-----	-----
General and administrative costs.....			
Interest, net.....			
Income before income taxes.....			
Depreciation expense included above.....	68	342	--
Capital expenditures.....	95	443	--
Total assets.....	5,557	37,859	2,776

7

NOTE 4 -- STOCK-BASED EMPLOYEE COMPENSATION:

At March 31, 2003, the Company has two stock-based employee compensation plans, which are described more fully in Note 13 of the Company's financial statements in its most recent Annual Report on Form 10-K. The Company accounts for these plans under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. No stock-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. 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 FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation. (000's omitted, except per share amounts).

	Three Months Ended March 31,	
	2003	2002
	-----	-----
Net Income, as reported.....	\$ 140	\$ 258
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects.....	(76)	(76)
	-----	-----
Pro forma net income.....	\$ 64	\$ 182
	=====	=====
Earnings per share:		
Basic-as reported.....	\$0.04	\$0.08
	=====	=====
Basic-pro forma.....	\$0.02	\$0.06
	=====	=====

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Diluted-as reported.....	\$0.04	\$0.08
	=====	=====
Diluted-pro forma.....	\$0.02	\$0.06
	=====	=====

NOTE 5 -- RECLASSIFICATIONS

Certain amounts in the prior year financial statements and related notes have been reclassified to conform to the current period presentation.

NOTE 6 -- RECENT ACCOUNTING STANDARDS

On January 17, 2003, the Financial Accounting Standards Board (FASB or the "Board") issued FASB Interpretation No. 46 (FIN 46 or the "Interpretation"), Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51. The primary objective of the Interpretation is to provide guidance on the identification of, and financial reporting for, entities over which control is achieved through means other than voting rights; such entities are known as variable-interest entities (VIEs). FIN 46 is effective for VIE's which are created after January 31, 2003 and for all VIE's for the first fiscal year or interim period beginning after June 15, 2003. The Company does not believe the adoption of FIN 46 will have an impact on its financial statements.

8

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 the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

The Company offers products and services to patients, providers, and payers in the fertility industry. The IntegraMed Network is comprised of twenty-three fertility centers in major markets across the United States, a pharmaceutical subsidiary, a financing subsidiary, the Council of Physicians and Scientists and a leading fertility portal (www.integrated.com). Seventeen fertility centers have access to the Company's FertilityDirect program. Six of the fertility centers are designated as "FertilityPartners" and as such, have access to the Company's FertilityDirect program in addition to being provided with a full range 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.

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 fertility centers that are members of the IntegraMed Provider Network; (iii) entering into additional FertilityPartners(TM) contracts; (iv) increasing revenues at FertilityPartners centers; (v) increasing the number of Shared Risk Refund treatment packages sold to patients of contracted fertility centers and managing the risk associated with the Shared Risk Refund Program;

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(vi) increasing sales of pharmaceutical products and services; and (vii) developing Internet-based access to personalized health information.

The strategy is complemented by our approach of focused diversification. We have segmented the fertility market into providers and consumers. We offer services to the provider segment focused on improving clinical and financial results. We also offer products and services to consumers that improve access to treatment. All of the product and service offerings are synergistic, each customer segment complementing the other.

The strategy requires the Company to: (a) stay focused on the fertility industry; (b) provide exceptional customer service; (c) deliver premium services to obtain premium prices; (d) develop and maintain standardized products and services along with a scalable infrastructure; and (e) take advantage of the potential of consumer pull-through with direct-to-consumer investment.

During 2001, the Company negotiated revised fee structures on all five of its then existing major FertilityPartners business services contracts. On four of these contracts in which service fees are comprised of (a) a tiered percentage of revenue, (b) a fixed percentage of medical practice earnings and (c) reimbursed cost of services, the Company negotiated lower additional percentages on the revenue and medical practice earnings components. These lower fees are to be phased in over an estimated five-year period. On the remaining FertilityPartners contract, the Company negotiated higher service fees, which are assessed at a fixed amount each month independent of the medical practice's underlying revenue or earnings.

On April 26, 2002, the Company signed an agreement to supply a complete range of business, marketing and facility services to the Northwest Center for Infertility and Reproductive Endocrinology ("NCIRE") located in Margate, Florida. Under the terms of the 15-year agreement, the Company's service fees are comprised of (a) reimbursed costs of services, (b) a tiered percentage of revenues, and (c) an additional fixed percentage of NCIRE earnings. The Company has committed up to \$2 million to fund the development of and to equip a new state-of-the-art facility to house the clinical practice and embryology laboratory for NCIRE and its patients.

On November 25, 2002, the Company announced the ending of its FertilityPartners agreement with Reproductive Science Associates of New York ("RSA of New York"). The agreement is to end on November 15, 2003. RSA of New York serves the Long Island market and revenues for the four quarterly periods

9

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.

The Company seeks to increase the number of patients in the IntegraMed Network that participate in the Shared Risk Refund Program. The Shared Risk Refund Program was established at Shady Grove Fertility Partners ("Shady Grove") - the leading fertility center in the metropolitan Washington, DC area 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 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 program, the Company receives payment directly from consumers who

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qualify for the program and pays contracted fertility centers a defined reimbursement for each treatment cycle performed. The Company manages the risks 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 and developing the related reserves for refunds. Actual results to date have not varied materially from the estimates used in the actuarial model.

Results of Operations

The following table shows the percentage of revenues represented by various expense and other income items reflected in the Company's Consolidated Statement of Operations. Ratios for revenues, cost of services incurred and contribution for a particular segment are percentages of the related revenues from that segment only. All other ratios are percentages of total revenues.

	For the three-month period ended March 31,	
	2003	2002
	(unaudited)	
Revenues, net		
FertilityPartners Service Fees.....	77.5%	77.8%
Pharmaceutical Sales.....	20.5%	21.0%
Other Revenues.....	2.0%	1.2%
	-----	-----
Total Revenues.....	100.0%	100.0%
Costs of services incurred:		
FertilityPartners costs.....	69.0%	67.8%
Pharmaceutical costs.....	20.0%	20.2%
Other costs.....	1.2%	0.6%
	-----	-----
Total Costs of services and sales.....	90.2%	88.6%
Contribution		
FertilityPartners contribution.....	8.5%	10.0%
Pharmaceutical contribution.....	0.5%	0.8%
Other contribution.....	0.8%	0.6%
	-----	-----
Total contribution.....	9.8%	11.4%
General and administrative expenses.....	8.8%	9.0%
Interest income.....	(0.1)%	(0.2)%
Interest expense.....	0.1%	0.2%
	-----	-----
Total other expenses.....	8.8%	9.0%
	-----	-----
Income before income taxes.....	1.0%	2.4%
Provision for income taxes.....	0.4%	1.0%
	-----	-----
Net income.....	0.6%	1.4%
	=====	=====

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Three Months Ended March 31, 2003 Compared to Three Months Ended March 31, 2002

Revenues for the three months ended March 31, 2003 increased 18.2% from the same period in 2002. The major factors contributing to this growth were:

- (i) FertilityPartners service fees increased approximately 17.8% between the first quarter of 2002 and 2003. This additional revenue resulted from an increase in new patient visits at all of the Company's core FertilityPartners locations, and was driven by additional marketing programs and initiatives undertaken by the Company;
- (ii) Pharmaceutical sales increased 15.2% as a result of increased patient volume within the IntegraMed Provider Network, as well as increased penetration and participation among medical providers associated with the Network; and
- (iii) Other revenues, comprised primarily of the Company's Shared Risk Refund Program and Network member Affiliate Fees, increased from \$231,000 to \$474,000. This increase was the result of the Company's commitment to focus its marketing efforts on increasing new patient volume within the Network and Shared Risk Refund Program.

As a percentage of revenues, contribution declined from 11.4% in 2002 to 9.8% in 2003. The following factors led to the decrease:

- (i) The first quarter results were affected negatively by events outside of our Company and industry. Although revenue growth was fairly strong, in several areas of our business it did not meet our expectations. The FertilityPartners segment had a 9.3% same-center revenue growth, below our forecast of 15% growth. While new patient visits remain strong, anticipation and fear concerning world events, coupled with lingering effect of a slow economy acted to somewhat dampen demand for higher priced infertility procedures. As we reported earlier, in 2001, we revised our fee agreements with our FertilityPartners and anticipated rising volume would compensate for the reduced fee percentages. However, the slowdown in the rate of volume growth, coupled with the pricing changes, resulted in lower than expected margins in this segment;
- (ii) The Company's pharmaceutical margin experienced a decline to 2.5% in the first quarter of 2003 from a margin of 3.8% in the first quarter of 2002. Pharmaceutical sales are directly related to the numbers of patients seeking infertility treatment. This decline was the result of unfavorable manufacturers' price increases and reduced by a change in mix related to the dampened demand for pharmaceutical used in higher priced infertility procedures; and
- (iii) The Company's Other Contribution, comprised primarily of its Shared Risk Refund Program and Network members Affiliate Fees, increased due to favorable pregnancy rates within the Shared Risk Refund Program, as well as growing Affiliate Fees associated with the Company's expanding network.

General and administrative expenses increased from \$1.8 million in the first quarter of 2002 to \$2.1 million in the first quarter of 2003 as a result of additional marketing and support costs incurred to promote Network growth. The Company anticipates maintaining general and administrative costs at this level as it continues to invest in the development of its expanding Network.

Interest income and expense, net was substantially unchanged for the

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three-month period ended March 31, 2003 as compared to 2002. Interest income declined due to a decline in the Company's cash balance, as a result of the:

- (i) Purchase of exclusive business service rights of the Florida FertilityPartner located in Margate during the second quarter of 2002; and
- (ii) Repurchase of 165,644 shares of preferred stock during the second and third quarters of 2002.

11

Declining interest income was offset by a decline in interest expense. Interest expense declined in line with the Company's lower debt balances resulting from scheduled debt repayments on the Company's outstanding debt.

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 increased during the first quarter of 2003 to \$3.1 million, up from \$2.9 million as of December 31, 2002. Working capital and, specifically, cash and cash equivalents remain at adequate levels to fund the Company's operations. As of March 31, 2003, the Company did not have any significant commitments for the acquisition of fixed assets, however, it has budgeted upcoming capital expenditures of approximately \$8.7 million for the balance of 2003. These expenditures are primarily related to the expansion of the Company's FertilityPartners centers. The Company believes that the cash flows from its operations plus its existing credit facility will be sufficient to provide for its future liquidity needs for the next year.

In September 2001, the Company amended its existing credit facility with Fleet Bank, N.A. The amended facility is comprised of a \$7.0 million three-year working capital revolver, and a continuance of the Company's existing \$4.0 million 5.5 year term loan, of which approximately \$2.8 million remained outstanding with a remaining term of approximately 2.5 years as of the date of the amendment. Availability of borrowings under the working capital revolver are based on eligible accounts receivable, as defined therein. In addition, the credit agreement contains restricted covenants. As of March 31, 2003, under the working capital revolver, there were no amounts outstanding and the full amount of \$7.0 million was available. The credit facility is collateralized by all of the Company's assets. The Company is also continuously reviewing its credit agreement and may renew, revise or enter into new agreements from time to time as deemed necessary.

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 expire January 30, 2006.

Significant Contractual Obligations and Other Commercial Commitments:

The following summarizes the Company's contractual obligations and other commercial commitments at March 31, 2003, and the effect such obligations are expected to have on its liquidity and cash flows in future periods.

Payments Due by Period

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	Total -----	Less than 1 year -----	1 - 3 years -----	4 - 5 year -----
Notes Payable.....	\$ 1,122,000	\$1,061,000	\$ 61,000	\$ --
Capital lease obligations.....	--	--	--	--
Operating leases.....	33,644,000	3,542,000	8,027,000	7,784,000
	-----	-----	-----	-----
Total contractual cash Obligations.....	\$34,766,000	\$4,603,000	\$8,088,000	\$7,784,000

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

12

The Company also has commitments to provide accounts receivable financing under its FertilityPartners agreements. The Company's financing of this receivable occurs on the 15th 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 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.

The Company is responsible for the collection of 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.

Recent Accounting Standards

FASB Interpretation No. 46, Consolidation of Variable Interest Entities

On January 17, 2003, the Financial Accounting Standards Board (FASB or the "Board") issued FASB Interpretation No. 46 (FIN 46 or the "Interpretation"),

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Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51. The primary objective of the Interpretation is to provide guidance on the identification of, and financial reporting for, entities over which control is achieved through means other than voting rights; such entities are known as variable-interest entities (VIEs). FIN 46 is effective for VIE's which are created after January 31, 2003 and for all VIE's for the first fiscal year or interim period beginning after June 15, 2003. The Company does not believe the adoption of FIN 46 will have an impact on its financial statements.

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 their forward-looking statements whether as a result of new information, future events or otherwise.

13

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

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-14(c) and 15d-14(c) under the Exchange Act) as of a date (the "Evaluation Date") within 90 days prior to the filing date of this report. 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.

(b) Changes in internal controls.

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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.

14

Part II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities and Use of Proceeds.

On March 11, 2003, the Company issued 65,235 shares of its Common Stock to be held as treasury shares. These shares represented shares certain officers paid to the Company for the withholding of taxes on a stock grant issued in 2002. The Company anticipates selling these shares as market conditions warrant.

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 and Reports on Form 8-K.

(a) For the quarter ended March 31, 2003, Registrant filed a Form 8-K dated February 21, 2003; March 18, 2003; and March 25, 2003 reporting Item 9, Regulation FD Disclosure.

See Index to Exhibits on Page 19.

15

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.

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(Registrant)

Date: May 15, 2003

by: /s/ John W. Hlywak, Jr

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

16

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gerardo Canet, certify that:

1. I have reviewed this quarterly report on Form 10-Q of IntegraMed America, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons

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performing the equivalent function):

- a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

May 15, 2003

By: Gerardo Canet

Gerardo Canet
President and Chief Executive Officer

17

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John W. Hlywak, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of IntegraMed America, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those

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- entities, particularly during the period in which this quarterly report is being prepared;
- b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- d. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - e. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

May 15, 2003

By: John W. Hlywak, Jr

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

18

Exhibit Number -----	Exhibit -----
99.27	-- Registrant's Press Release dated February 19, 2003. (1)
99.28	-- Registrant's Press Release dated March 17, 2003. (2)
99.29	-- Registrant's Press Release dated March 24, 2003. (3)
99.30	-- CEO Certification Pursuant to 18 U.S.C.ss.1350 as Adopted Pursuant to Sections 302 of the Sarbanes Oxley Act of 2002 dated March 26, 2003. (4)
99.31	-- CFO Certification Pursuant to 18 U.S.C.ss.1350 as Adopted Pursuant to Sections 302 of the Sarbanes Oxley Act of 2002 dated March 26, 2003. (4)
99.32	-- CEO Certification Pursuant to 18 U.S.C.ss.1350 as Adopted Pursuant to Sections 906 of the Sarbanes Oxley Act of 2002 dated March 26, 2003. (4)

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- 99.33 -- CFO Certification Pursuant to 18 U.S.C.ss.1350 as Adopted Pursuant to Sections 906 of the Sarbanes Oxley Act of 2002 dated March 26, 2003. (4)
- 99.34 -- Registrant's Press Release dated April 23, 2003. (5)
- 99.35 -- Registrant's Press Release dated May 5, 2003. (6)
- 99.36 -- CEO Certification Pursuant to 18 U.S.C.ss.1350 as Adopted Pursuant to Sections 906 of the Sarbanes Oxley Act of 2002 dated May 15, 2003.
- 99.37 -- CFO Certification Pursuant to 18 U.S.C.ss.1350 as Adopted Pursuant to Sections 906 of the Sarbanes Oxley Act of 2002 dated May 15, 2003.

- (1) Filed as exhibit with identical exhibit number to Registrant's Report on Form 8-K February 21, 2003 and incorporated by reference thereto.
- (2) Filed as exhibit with identical exhibit number to Registrant's Report on Form 8-K March 18, 2003 and incorporated by reference thereto.
- (3) Filed as exhibit with identical exhibit number to Registrant's Report on Form 8-K March 25, 2003 and incorporated by reference thereto.
- (4) Filed as exhibit with identical exhibit number to Registrant's Annual Report on Form 10-K for the year ended 2002 and incorporated by reference thereto.
- (5) Filed as exhibit with identical exhibit number to Registrant's Report on Form 8-K April 28, 2003 and incorporated by reference thereto.
- (6) Filed as exhibit with identical exhibit number to Registrant's Report on Form 8-K May 6, 2003 and incorporated by reference thereto.