INTEGRAMED AMERICA INC
Form 10-K/A
December 14, 2009

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

FORM 10-K/A
Amendment No. 2

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008
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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, $.01 par value	NASDAQ Global Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes _____ No __X__

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes _____No __X__

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ___ X___ No ____

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer" "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ______ Accelerated Filer __ X __
Non-Accelerated Filer ______ (Do not check if a smaller reporting company)
Smaller Reporting Company _____ .

9Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.
Yes ____ No __X__

Aggregate market value of voting stock (Common Stock, $.01 par value) held by non-affiliates of the Registrant was approximately $61.9 million on June 30, 2008 based on the closing sales price of the Common Stock on such date.

The aggregate number of shares of the Registrant's Common Stock, $.01 par value, outstanding was approximately 8,760,300 on March 17, 2009.

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EXPLANATORY NOTE

IntegraMed America, Inc. ("we" or the "Company") is filing this Amendment No. 2 on Form 10-K/A (the "Amendment") to amend its Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed with the Securities and Exchange Commission on March 31, 2009 (the "Original Filing"), as amended by Amendment No. 1 to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 5, 2009. The Amendment amends "Item 1- segment information, and significant service contracts", Item 6- Selected Finanacial Data", "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," "Item 8. Financial Statements and Supplementary Data", "Item 9A. Controls and Procedures" and the Consolidated Financial Statements and notes thereto, as well as the Report of Independent Registered Public Accounting Firm. In addition, new certifications are filed as exhibits to the Amendment. However, the Amendment sets forth the Form 10-K in its entirety. The Amendment is filed in response to our discovery of an error in the calculation of revenue recognition for our Attain IVF Refund Program which is a component of our Consumer Services Division, more fully explained as follows: Most patients who enroll in the Attain IVF Refund Program are entitled to a maximum of six treatments (three fresh In Vitro Fertilization cycles and three frozen embryo transfers). The patient is entitled to a 70% refund in the event that they drop out or are terminated from the program by us after the first treatment or are unsuccessful after all treatments. Following a review of our revenue recognition policy in March 2009, as disclosed in our Current Report on Form 8-K dated March 28, 2009, we determined to use a proportional method for revenue recognition for the non-refundable portion of the patient's fee. We recognize the 30% portion in proportion to the fair value of each treatment the patient received rather than all at once after the first treatment.

The change in revenue recognition policy required that we apply this new accounting treatment historically to all patients who had ever enrolled in the Attain IVF Refund Program.

Our original calculation omitted any adjustment for the revenue to be recognized for withdrawals prior to the completion of all six cycles, which requires us to restate our financial results for the years ended December 31, 2006, 2007 and 2008.

The change in the timing related to revenue recognition had the following effects:

	2008	2007	2006
Revenue as reported	$ 197,403	$ 151,166	$ 125,818
Net Change in reported revenue	750	656	502
Revenue as restated	$ 198,153	$ 151,822	$ 126,320
Income before income taxes as reported	$ 5,715	$ 4,062	$ 3,047
Net change in reported revenue	750	656	502
Net change in reserve for medical costs	(13)	(12)	(9)
Income before income taxes as restated	$ 6,452	$ 4,706	$ 3,540
Income tax provision as reported	$ 2,227	$ 1,391	$ 263
Net change in income taxes from above adjustments	310	271	207
Income tax provision as restated	$ 2,537	$ 1,662	$ 470
Net income as reported	$ 3,488	$ 2,671	$ 2,784
Summary of above adjustments	427	373	286
Net income as restated	$ 3,915	$ 3,044	$ 3,070
Diluted earnings per share as reported	$ 0.40	$ 0.32	$ 0.34
Change in earnings per share from above adjustments	0.05	0.04	0.03
Diluted earnings per share as restated	$ 0.45	$ 0.36	$ 0.37
Current liabilities as reported	$ 51,126	$ 44,005	$ 27,856
Cumulative effect of restatement on liabilities	(1,513)	(1,086)	(712)
Current liabilities as restated	$ 49,613	$ 42,919	$ 27,144
Shareholders' Equity as reported	$ 50,753	$ 46,549	$ 39,466
Cumulative effect of restatement on Shareholders' Equity	1,511	1,085	712
Shareholders' Equity as restated	$ 52,264	$ 47,634	$ 40,178

The Amendment does not reflect events occurring after the filing of the Original Filing and unless otherwise stated herein, the information contained in the Amendment is current only as of the time of the Original Filing. Except as described above, no other changes have been made to the Original Filing. Accordingly, the Amendment should be read in conjunction with the Company's filings made with the Securities and Exchange Commission subsequent to the filing of the Original Filing, including the Company's definitive proxy statement filed on April 15, 2009.

DOCUMENTS INCORPORATED BY REFERENCE

See Part III hereof with respect to incorporation by reference from the Registrant's definitive proxy statement for the fiscal year ended December 31, 2008 to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 and the Exhibit Index hereto.

PART I

ITEM 1. Business

Overview -

IntegraMed America is a specialty healthcare services company that was incorporated in Delaware on June 4, 1985 and celebrated its sixteenth year as a publicly traded company in 2008. The Company is the leading operator of fertility centers and vein clinics in the United States and provides treatment financing programs for patients of these treatment facilities whose insurance does not cover the particular procedure. The Company is organized into three operating divisions and a Corporate office that provides shared support services.

The Fertility Centers Division provides business and management services to a network comprised of 11 contracted fertility centers in our Partner program, located in 13 major markets across the United States. These 11 contracted centers are among the largest fertility clinics in the United States accounting for approximately 15% of total U.S. IVF procedures performed. This division does not provide nor is it responsible to provide direct or indirect medical services or treatments to patients. The division's business model is designed to offer contracted products and services to independent medical providers which are intended to support their fertility center's operations and growth. All fertility Partners also have full access to our Consumer Services offerings (described below). The division also supports a Council of Physicians and Scientists, for leading fertility providers as well as a captive insurance company (ARTIC - Assisted Reproductive Technology Insurance Company) which provides malpractice insurance to affiliated fertility practices and their physicians.

The Consumer Services Division offers services directly to fertility patients. This division is not in itself a provider of direct or indirect medical services to patients, however, in its Attain IVF program, it is responsible for the provision of treatment to patients which it subcontracts to affiliated fertility clinics. This division maintains a contracted network of 22 independent medical providers under its Affiliate program which are designed to distribute the division's products and services to a wider group of patients than those serviced by our Partner fertility centers. These 22 contracted fertility centers are also among the largest tier of clinics in the U.S. collectively providing an additional 8% of total U.S. IVF procedures.

In late 2008, the Consumer Services division re-launched its successful Shared Risk Refund program under the name "Attain IVF". This re-branding was done to reflect advantages offered by the program beyond its basic risk sharing features and to position the program in a leadership role among smaller, similar programs offered by other providers. As described in more detail below, Attain IVF is an offer of packaged pricing for a set of treatments with a potential for a refund.

Our Vein Clinics Division, which was formed on August 8, 2007, with the purchase of Vein Clinics of America, Inc., provides business and management services to a network of 32 clinics located in 12 states. These clinics provide specialized treatment for patients suffering from vein diseases and disorders. This division is not in itself a provider of direct or indirect medical services or treatments to patients. The division's business model is designed to offer services and support to contracted medical practices which provide medical treatment to patients. The Vein Clinics Division provides business and management services to our network of vein treatment clinics and is not responsible for the provision of medical care. However, since we are the primary beneficiary and obligor of their operations, we consolidate the clinics and include patient revenue and related expenses in our financial statements.

The Shared Services group within the corporate office assists the fertility centers, consumer services and vein clinic divisions with administrative services such as finance, accounting, human resources, legal and purchasing support; access to capital for financing clinic operations and expansion; traditional marketing and sales support; internet marketing and website support and integrated information systems.

We evaluate whether we should report the results of our clinical operations in which we have management services contracts in accordance with FASB Interpretation No. 46 (FIN 46R) "Consolidation of Variable Interest Entities" ("VIE's"). Among other factors, we evaluate whether we are the primary obligor or beneficiary of the results of operations of the clinics. Since we do not have a controlling financial interest in any of the fertility medical practices to which we provide services, we do not consolidate their results. We do have a controlling financial interest in the operations of each of the vein clinics and therefore consolidate the results of those clinic operations. Accordingly, we report the revenue for patient services only from the vein clinic segment pursuant to the requirements of FIN 46R.

We also maintain a website at www.integramed.com to provide information to the general public and our shareholders on our products, resources and services, along with general information on IntegraMed and its management, financial results and press releases. Copies of our most recent Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q or our other reports filed with the Securities and Exchange Commission, or SEC, can be obtained, free of charge as soon as reasonably practicable after such material is electronically filed with, or furnished to the SEC, from our Investor Relations Department by calling 914-253-8000, by an e-mail request from our Investor Information web page at www.integramed.com, or through the SEC's website by clicking the direct link from our website at www.integramed.com or directly from the SEC's website at www.sec.gov. You may also read and copy any materials we filed with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may call the SEC at 1-800-SEC-0330 for further information about the Public Reference Room. Our website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K.

Our Industries of Focus --

Reproductive Medicine

Reproductive medicine encompasses the medical discipline that focuses on male and female reproductive systems and processes. There are many reasons why couples have difficulty conceiving, and accurate identification of a specific cause of infertility can be time consuming, expensive and requires access to specialized diagnostic and treatment services. Reproductive endocrinologists are specialized physicians who perform these more sophisticated medical and surgical fertility diagnoses and treatments. Reproductive endocrinologists generally have completed a minimum of four years of residency training in obstetrics and gynecology and have at least two years of additional training in an approved subspecialty fellowship program. The fertility services market is highly fragmented among providers in each major local market as well as on a national basis.

Conventional fertility services include diagnostic tests performed on both the female and male. Depending on the results of the diagnostic tests performed, treatment options may include, among others, fertility drug therapy, artificial insemination and fertility surgeries to correct anatomical problems. According to recent industry estimates, approximately 10% of women of reproductive age, or more than 6 million women, have an infertility-related medical appointment annually. Procedures that require gametes (sperm and eggs) to be handled in vitro (outside the body) are classified as Assisted Reproductive Technology, or "ART", services. Current types of ART services include in vitro fertilization, or IVF, frozen embryo transfers, donor egg programs as well as other more specialized treatments. IVF represents the most frequently employed form of ART with current techniques used in connection with IVF services including intracytoplasmic sperm injection, or ICSI, assisted hatching, cryopreservation of embryos, pre-implantation genetic diagnosis (PGD), and blastocyst culture and transfer.

According to publications from the Harvard Business School Press, the annual expenditures relating to fertility services are approximately $3 billion.

While demand for advanced reproductive medicine and treatment is highly correlated with larger demographic trends, we believe the market will continue to grow in the future for the following reasons:

- The quality of treatment is improving, increasing pregnancy success rates;
- Improvements in embryo culture media and implantation rates are leading to the capability of reducing high order multiple pregnancies - one of the greatest risk factors in this industry;
- With improving pregnancy rates, the cost of treatment is decreasing thereby making these services more affordable;
- Public policy initiatives including legislative mandates for insurance coverage are producing a more favorable reimbursement climate; and
- Demand for reproductive medical services is increasing through greater public awareness and acceptance of these treatments.

While overall market growth has moderated recently, in line with a demographic trough of couples of family bearing age, we are well positioned to benefit from an industry in the early stages of consolidation. IntegraMed's fertility centers have experienced faster growth than their competitors due to economies of scale and the ability to leverage our infrastructure. Recently, numerous market conditions in this industry produce business opportunities for us, including:

- The high level of specialized skills and technology required for comprehensive patient treatment;
- The capital-intensive nature of acquiring and maintaining state-of-the-art medical equipment, laboratory and clinical facilities;
- The need to develop and maintain specialized management information systems to meet the increasing demands of technological advances, patient monitoring and third-party payers;
- The high cost of treatment with inadequate insurance benefits in most markets;
- The need for seven-days-a-week service to respond to patient needs and to optimize the outcomes of patient treatments; and
- Increasing competition among medical providers specializing in fertility treatment and the resulting need for sophisticated marketing efforts;

Overview of our Business Strategy for the Fertility Centers Division

(i) We Plan to Enter into Additional Fertility Partner Contracts

The eleven fertility centers participating in our Partner program are entitled to our full suite of products and services. Recruitment into our Partner program has traditionally been focused on fertility centers currently participating as Affiliates in our provider network. As Affiliates, practices have become familiar with the offerings we provide and our commitment to customer service; also, we have had a chance to assess a practice's commitment to growth and utilization of our services. Partner practices are also recruited from outside the pool of existing Affiliates; to be considered, non-Affiliate candidates need to meet a stringent set of criteria. As of December 31, 2008, we had full Partner contracts with eleven leading fertility centers, in thirteen major markets, which in turn employ and/or contract with individual physicians. In addition, we also pursue in-market mergers with other providers operating within markets serviced by our Partner centers.

When establishing a Partner contract, we typically acquire the assets of a fertility center, enter into a long-term comprehensive business service agreement with the center and assume most administrative and financial functions of the center. In addition, we also typically require that the fertility center enter into long-term employment agreements containing non-compete provisions with all key physicians and that each physician shareholder of the medical practice enter into a personal responsibility agreement with us. Typically, the fertility center contracting with us is a professional corporation in which the key physicians are the shareholders.

Partner contracts provide that all patient medical care is to be provided by the physicians and that we are responsible for providing defined business services to the center. We provide the equipment, facilities and support necessary to operate the center, and employ substantially all non-physician personnel. Under the agreements, we may also advance funds to the fertility center to provide new services, utilize new technologies, fund projects, provide working capital or fund mergers with other physicians or physician groups.

Partner contracts generally obligate us to pay a fixed sum for the exclusive right to service the fertility center. These agreements are typically for terms of 10 to 25 years and may contain early termination clauses coupled with fertility center obligations upon termination. Generally, no shareholder of a contracted fertility center may assign his/her interest in the fertility center without IntegraMed's written consent.

Under all eleven current Partner agreements, we receive as compensation for our services a three-part fee comprised of: (i) a tiered percentage of net revenues generally between 3% and 6%; (ii) reimbursed costs of services (costs incurred in providing services to a fertility center and any costs paid on behalf of the fertility center); and (iii) either a fixed amount or a percentage of the center's earnings, which currently ranges from 10% to 20%, but may be subject to limits.

(ii) We Plan to Increase Revenues and Profits at Contracted Partners

Given our fee structure as described above, we have a significant incentive to assist in the profitable growth of each Partner. To achieve this objective we:

- Help them formulate and execute longer-term planning activities, such as investment/development via facility build-out and in-market mergers with other practices and planning and budgeting support;
- Put in place products and services that help them attract and retain patients, including the offerings included in our Affiliate program - e.g., access to the Attain IVF Program, internet marketing, patient financing, etc., - along with proven field sales programs and direct-to-consumer advertising capabilities and resources;
- Enable them to enhance their ability to provide superior care via usage of our ARTworks Clinical application which provides electronic medical record, workflow management and decision support functionality, along with clinical risk management auditing services;
- Enhance their operating efficiency through the implementation of an infrastructure focused on improved accounts receivables management along with business continuity and other financial, IT, human resource, legal and procurement support that leverages our economies of scale and expertise in these areas.

(iii) We Plan to Grow Current Ancillary Services for the Fertility Centers

Thirteen years ago we established the Council of Physicians and Scientists, or the Council, comprised mostly of representatives from our fertility network, to bring together leaders in reproductive medicine and embryology with the goal of promoting a high quality clinical environment throughout the network. The Council meets regularly and conducts bi-monthly teleconferences on topics related to improving infertility diagnosis, treatment and success rates.

We assisted in the organization of, and obtained a minority equity interest in, an offshore captive insurance company designed to moderate the cost of malpractice insurance to members of our network. The majority of the equity of the captive insurance company is owned by various physician practices which are members of our network. On January 1, 2005, this captive insurance company began providing the majority of the malpractice insurance coverage to physicians within our reproductive Partner network.

Overview of our Business Strategy for the Consumer Services Division

(i) We Plan to Expand our Network of Affiliated Fertility Centers

Our strategic plan calls for us to expand our provider network to establish a presence in other major markets across the country. We primarily focus our network development activities on major metropolitan markets with populations in excess of 500,000. Because of the relatively low percentage of the population that seeks fertility treatment, a large population base is required to support a sophisticated fertility center. Our high quality fertility centers are capable of drawing consumers from a large geographic catchment area. Expanding our provider network to the 100 largest metropolitan markets in the United States will allow us to cover a large percentage of the national population, since approximately 90% of fertility services performed in the U.S. occur in these top 100 markets.

The entry point for fertility centers participating in our provider network is usually as an Affiliate center. Included in this level of participation is access to our Attain IVF Program, patient financing programs and marketing support activities.

While the primary value proposition of the Affiliate offerings is to help practices improve their ability to attract and retain patients, the offerings can also be used to improve operational efficiency and support the provision of superior care. We provide access to these programs on an exclusive basis in each defined market area to the Affiliated clinic.

(ii) We Plan to Increase Penetration of our Attain IVF Program

Currently, many health plan sponsors provide limited coverage for the diagnosis and treatment of infertility. Because patients seeking fertility treatment often have other gynecological symptoms, health plans may cover diagnostic expenses even when infertility treatment itself is not a covered benefit. As we continuously seek to increase the number of patients being treated by our provider clinics, our Attain IVF program, which is offered directly to consumers, has been designed to offer attractive financial options to prospective patients.

The division's Attain IVF program serves as a patient recruitment and case management vehicle where the patient contracts with us to provide the medical treatment described below. We contract the obligation of patient treatment by arranging with affiliated fertility clinics for the provision of patient care. This program is designed to make the treatment process easier for patients by providing a continuum of care over an extended period, if necessary. The Attain IVF program achieves this objective by offering the following services:

- Patient recruitment via internet web portals and search engines; in-clinic educational materials; in-clinic contact with fertility experts and on-line contact with patient service specialists.
- Educating patients as to the benefits of various treatment options offered by its network of contracted medical providers which have been tailored to appeal to patients at various stages of their reproductive lives and with various medical conditions.
- Explaining the financial costs and patient responsibilities of the various treatment plans.
- Educating patients as to the various financing options offered by the program and helping to arrange third-party financing of treatment cycles when requested.
- Coordinating an initial medical assessment required for entry into the program.
- Contracting treatment with an Affiliated medical provider for all treatment cycles used by the patient.
- Provide on-going case management, treatment plan monitoring and evaluation services.

Patients enrolling in the Attain IVF program can select from various treatment and financing options which are designed to appeal to patients at different stages of their reproductive lives and with different financial needs and resources. The basic Attain IVF business model is designed to offer patients multiple fertility treatment cycles by contracted fertility centers, for one fixed price paid up front, with a significant refund if treatment is unsuccessful (generally defined as not bringing home a baby after the final treatment is delivered). Under this innovative financial program, we receive payments directly from consumers who qualify for the program and we are obligated to provide them a set of treatment cycles. We discharge this obligation by subcontracting to and paying contracted fertility centers a defined reimbursement for each treatment performed. The benefit to providers is increased patient volume and patient retention, and the benefit to consumers is the opportunity for multiple treatment cycles with a significant financial refund should the treatments be unsuccessful.

We receive payment directly from consumers who qualify for the program. By contract 30% of the enrollment fee is non-refundable (for the non-donor option) and is recognized ratably (on a fair value basis) as revenue over the course of the patient's treatment cycles. If the patient achieves pregnancy prior to the completion of the last available cycle, then the remaining unamortized portion of the non-refundable fee is immediately recognized as income. The remaining 70% of the revenue is recorded upon the patient becoming pregnant and achieving a fetal heartbeat (at this point of the pregnancy most patients go on to deliver a baby). We are able to record this income at the time of pregnancy as we have substantially completed our fertility obligation to the patient and we can accurately estimate the amount of expenses or refunds that will become due if there is a pregnancy loss. We are able to make these estimates for pregnancy loss based upon reliable Company specific data with respect to the large homogeneous population we have served for more than seven years. Expenses prior to pregnancy related to the program are recorded as incurred. All of the amounts shown on the balance sheet in the accompanying financial statements as "Attain IVF deferred revenue and Other Patient Deposits" consist of unrecognized program enrollment/service fees and potentially refundable contract amounts for enrolled patients who have not had a successful pregnancy outcome and deposits received from patients who have not yet commenced treatment under the program.

Due to the characteristics of the program, we assume the risk for a patient's treatment cost in excess of their enrollment fee should initial treatment cycles be unsuccessful. In order to moderate and manage this risk, we have developed a sophisticated statistical model and case management program in which Attain IVF patients are medically pre-approved prior to enrollment in the program. We also continuously review their clinical criteria as they undergo treatment. If, while undergoing treatment, a patient's clinical response falls outside our criteria for participation in the Attain IVF program, we have the right to remove that individual from the program, with an applicable refund to the patient. To date, our case management process has been effective in managing the risks associated with our Attain IVF program within expected limits. A patient may withdraw from the program at anytime and will be issued a refund.

Vein Disease

Phlebology is the medical specialty concerned with the treatment of vein diseases. Common venous diseases and their symptoms can take many forms including;

- Varicose veins - which are caused when small valves designed to allow blood to flow in only one direction fail or leak. This causes blood to flow backwards under the force of gravity and pool inside the vein;
- Spider veins - which are very small varicose veins. They are thin, threadlike veins that lie close to the skin's surface and are

commonly red or purple in appearance. Spider veins can be hormonally induced and are often associated with pregnancy and menstruation;

- Venous Leg Ulcer - non-healing open wounds that are caused by venous pump failure. It usually occurs near the inside of the ankle, but can be found anywhere below the knee. It can occur with or without visible varicose veins;
- Klippel-Trenaunay Syndrome (KT) - which is a rare, congenital disorder in which patients usually have one hypertrophied leg, a port wine stain, and large varicose veins on the lateral aspect of the leg;
- Restless Leg Syndrome (RLS) - which may occur when valves fail, causing blood to reflux, or flow backwards, causing it to pool and stagnate in the veins, leading to aching, throbbing, cramping and fatigue in the legs.

Although there are both surgical as well as non-surgical treatment protocols for vein disease, we specialize in non-surgical care. Conventional vein care treatment under both protocols usually begins with an ultrasound assisted mapping to determine the extent of the disease, generally followed by a surgical or non-surgical treatment protocol. Historically the most common surgical treatment has been a procedure referred to as vein stripping, which is the surgical removal of surface veins, generally done as an outpatient procedure performed while the patient is under general anesthesia. More recent non-surgical treatments include Endovenous Laser Treatment (ELT) and Sclerotherapy. ELT is a quick, minimally invasive laser treatment which involves no hospitalization or complicated surgery. With ELT, a small optical fiber is inserted through a needle into the varicose vein under ultrasound guidance. The laser is activated and, as the optic fiber is removed from the vein, it heats and closes the vein. Once the vein is closed, the blood that was circulating through the vein is naturally rerouted to other healthy veins. Over time, the varicose vein is absorbed by the body. Sclerotherapy (from the Greek "skleros" meaning hard) involves injecting abnormal veins with a solution called a sclerosant. This seals the vein off from the rest of the vein network in the leg, allowing the body to naturally redirect the blood flow to healthy veins. A typical sclerotherapy treatment may last for 15 to 20 minutes and will consist of multiple microinjections.

Various demographic trends are contributing to the growth in demand for vein care, and we believe the market will continue to grow in the future as awareness of non-surgical treatment protocols grows among people with vein disease and additional third party payers recognize the medical necessity of treating vein disease. Our vein clinics specialize in the non-surgical treatment of vein diseases and are the largest single network of vein care providers in the country, allowing operational efficiencies by leveraging resources, knowledge and infrastructure and providing a strong base for new clinic expansion.

Numerous market conditions in this industry produce business opportunities for us, including:

- The level of specialized skills required for comprehensive patient treatment;
- Favorable sociological trends including a growing demographic wave from an aging population;
- The need to develop and maintain specialized management information systems to meet the increasing demands of patient billing and third-party payers;
- The current fragmented nature of the market, which is comprised of numerous smaller, independent providers, allowing the opportunity for market consolidation;
- New laser and medical technology

An Overview of Our Business Strategy for the Vein Clinics Division

Our business strategy is to develop a national network of high quality managed vein clinics. Currently, our vein clinics division is the largest managed network of vein disease treatment centers in the United States with 33 clinics as of February 2009. The primary elements of our business strategy for this division include:

- Developing and maintaining an infrastructure that supports sustained growth;
- Scheduled openings of new vein clinics in targeted markets;
- Attracting and retaining consumers in need of vein treatment;
- Increasing revenues and profitability at existing clinics.

(i) Develop and Maintain an Infrastructure that Supports Sustained Growth

During 2008, we opened five new vein centers for a total of 32 clinics as of the end of that year. In January 2009, we opened one new center in Cincinnati, and anticipate opening at least four additional centers during the balance of 2009. Since our acquisition of Vein Clinics of America (VCA) in August 2007, we have made significant investments in this division's infrastructure which have been designed to support and sustain this level of growth in future years. These investments include:

- Physician Recruiting and Training - The business model for VCA depends on being able to identify, recruit and train new physicians to staff new clinics. We have invested in additional professional personnel as well as other recruiting and training assets to support scaled growth in the future.
- Regional Management - We have established a regional management infrastructure to manage the day to day operations of the expanding VCA clinical network and anticipate continued investment in regional management talent as our clinic base expands.
- Revenue Cycle Management - Over the past several years the market for vein care has undergone a shift from private out of pocket payment by patients to an environment where most treatment is covered by insurance. This shift has caused us to make heavy investments in physician credentialing, working capital, improved billing and collections personnel, systems and procedures. These investments will continue as the business grows.
- New Clinic Development - With our planned roll-out of new clinic openings, we are making investments in personnel and procedures for identifying opportunities and opening new clinics in existing and new markets.
- Marketing and Sales - Historically, due to the overwhelming self pay environment for vein care, most marketing has been based on a consumer advertising model. With the shift to third party reimbursement, as noted above, we are shifting our marketing focus to rely more heavily on physician referral relationships. This shift will require investments in physician marketing assets and personnel.
- Quality Assurance and Risk Management - As our vein clinic network grows in size, we will need to continue to invest in standardized approaches to quality assurance and risk management.

(ii) Open New Vein Clinics in Targeted Markets

We expect to make use of the enhanced infrastructure described above by opening new clinics at a more rapid and sustained pace. Demographic analysis and past experience suggests that the vein clinics business can support one clinic per million population in major metropolitan markets. The new clinic development plan includes:

- Developing new clinics in markets where we already have existing clinics that have not been fully penetrated to take advantage of existing investments in regional management, managed care contracts, personnel and marketing capabilities.
- Identifying attractive new markets in states that already have a VCA clinic location to take advantage of regional management, personnel and other infrastructure assets.
- Identifying attractive markets in new states contiguous to existing markets to leverage off existing regional and clinical management.

(iii) Attract and retain consumers in need of vein treatment

Non-surgical varicose vein treatment, which VCA pioneered, is still a relatively new approach to treatment. As such, success in this business requires us to be able to attract and retain patients to existing and new vein clinic locations. We continue to invest in consumer advertising, internet advertising and physician referral development.

(iv) Increase Revenues and Profitability at Existing Clinics

The Vein Clinics Division long term success will be dependent on ensuring that established clinics increase revenues and profitability. The regional management team is focused on this goal through scheduling efficiencies, patient conversion, yield management and productivity improvements.

Shared Services

We provide the following support for our operating divisions-

(i) Administrative Services

Our administrative services include: (i) accounting and financial services, such as billing and collections, accounts payable, payroll, and financial reporting and planning; (ii) recruiting, hiring, training and supervising all non-medical personnel; and (iii) purchasing of supplies, pharmaceuticals, equipment, legal services and insurance.

(ii) Access to Capital

We provide our Fertility Partners and vein clinics with a significant competitive advantage through immediate access to capital for funding accounts receivable, expansion and growth. We are also able to offer physician providers in our network rapid access to the latest technologies and facilities in order for them to provide a full spectrum of services and compete effectively for patients in the marketplace. For example, we have built new clinical facilities housing state of the art fertility laboratories for several Partners, which enable them to expand their offerings to include a number of services, which they had previously outsourced and have acquired state of the art ultrasound and laser technology for our vein clinics.

(iii) Traditional Marketing and Sales

Our marketing department specializes in the development of sophisticated marketing and sales programs that give contracted clinics access to business-building techniques designed to facilitate growth and development. In today's highly competitive health care environment, marketing and sales are essential for growth and success. While these marketing and sales efforts are often too expensive for many individual physician practices, affiliation with us provides access to significantly greater marketing and sales capabilities than would otherwise be available. Our marketing services focus on revenue and referral enhancement, relationships with local physicians, media and public relations.

(iv) Internet Marketing and Website support

We operate industry leading web portals which (i) allow visitors access to educational material concerning infertility and vein care issues; (ii) provide links to our fertility Partner and Affiliate practices; (iii) provide links to our vein care centers; (iv) allow prospective patients to request fertility and vein care appointments or follow-up contact, and (v) allow prospective patients to request information on our Attain IVF program and apply for treatment financing.

(v) Integrated Information System

Using our established base of treatment providers, we are continuously developing nationwide, integrated information systems to collect and analyze clinical, patient, financial and marketing data. Our goal is to use this data to control treatment expenses, measure patient outcomes, improve patient care, develop and manage utilization rates and maximize reimbursements.

Employees

As of February 12, 2009, we have 1,202 employees. Of these, 969 are employed by our Fertility Centers division, 13 by our Consumer Services division, 185 by our Vein Clinics division and 35 are employed at our corporate

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headquarters, including 6 who are executive management. Of these employees, 131 persons at our divisions are employed on a part-time basis and 103 are employed on a per diem basis. We are not a party to any collective bargaining agreement and we believe that our employee relationships are good.

Segment Information

We follow the requirements contained in Statement of Financial Accounting Standards (SFAS) No.131, "Disclosures about Segments of an Enterprise and Related Information", with respect to identifying and reporting business segments. This statement requires that segment reporting reflect our organizational structure, major revenue sources, line's of responsibility and senior management's perspective of the organization. With the acquisition of Vein Clinics of America (VCA) in the third quarter of 2007, we reorganized our service offerings into three major product lines: Fertility Centers, Consumer Services and Vein Clinics. Each of these operating segments includes an element of overhead within Cost of Services specifically associated with it. Such overhead costs were previously reported as General and Administrative costs. Such costs were reclassified in all periods presented to better reflect the operating results of our segments (000's omitted):

	Fertility Centers	Consumer Services	Vein Clinics(1)	Corp G&A
For the Year ended December 31, 2008, Restated				
Revenues	$ 138,440	$ 19,763	$ 39,950	$ --
Cost of Services	128,224	14,344	37,299	--
Contribution	10,216	5,419	2,651	--
Operating Margin	7.4%	27.4%	6.6%	--
General and administrative	0	0	0	10,65
Interest (income) expense, net	(181)	0	8	1,35
Income (loss) before income taxes	$ 10,397	$ 5,419	$ 2,643	$ (12,00
Depreciation expense included above	$ 4,327	$ 3	$ 761	$ 89
Capital expenditures, net	$ 4,053	$ --	$ 1,057	$ 58
Total assets	$ 36,885	$ 331	$ 46,750	$ 37,47
For the Year ended December 31, 2007, restated				
Revenues	$ 121,078	$ 16,460	$ 14,284	$ --
Cost of Services	111,059	12,336	13,304	--
Contribution	10,019	4,124	980	--
Operating Margin	8.3%	25.1%	6.9%	--
General and administrative	--	--	--	10,53
Interest (income) expense, net	(203)	--	2	8
Income (loss) before income taxes	$ 10,222	$ 4,124	$ 978	$ (10,61
Depreciation expense included above	$ 4,003	$ 3	$ 255	$ 84
Capital expenditures, net	$ 4,654	$ --	$ 906	$ 66
Total assets	$ 42,586	$ 888	$ 44,786	$ 25,91
For the Year ended December 31, 2006, restated				
Revenues	$ 112,767	$ 13,553	$ --	$ --
Cost of Services	104,357	9,421	--	--
Contribution	8,410	4,132	--	--
Operating Margin	7.5%	30.5%	--	--
General and administrative	--	--	--	9,38
Interest (income) expense, net	(279)	--	--	(9
Income (loss) before income taxes	$ 8,689	$ 4,132	$ --	$ (9,28
Depreciation expense included above	$ 3,594	$ 2	$ --	$ 61
Capital expenditures, net	$ 2,158	$ --	$ --	$ 1,07
Total assets	$ 41,458	$ 995	$ --	$ 33,87

(1) Acquired August 8, 2007.

Significant Service Contracts --

For the years ended December 31, 2008, 2007, and 2006, the following contracted fertility centers each individually provided greater than 10% of our revenues, net and/or contribution as follows:

	Percent of Company Revenues, net			Percent of Contribution		
	2008	2007	2006	2008	2007	2
R.S.C. of New England..........	7.2	8.9	10.7	8.7	10.5	1
Fertility Centers of Illinois..	16.3	19.2	22.3	15.2	17.6	1
Shady Grove Fertility Center...	18.0	21.3	22.9	17.2	21.4	2

Under all of our fertility Partner agreements, we receive as compensation for our services a three-part fee comprised of: (i) a tiered percentage of the fertility centers net revenues, (ii) reimbursed costs of services (costs incurred in servicing a fertility center and any costs paid on behalf of the fertility center) and (iii) either a fixed percentage, or a fixed dollar amount of the fertility centers earnings after services fees, which may be subject to further limits.

The third tier of our fee structure with these significant contracts contains provisions as follows:

- R.S.C. of New England - a fixed annual percentage of the center's earnings.
- Fertility Centers of Illinois - a fixed percentage of the center's earnings subject to a fixed dollar amount ($1,865,000) as an upper boundary and a fixed dollar amount ($932,000) as a lower boundary subject to a fixed percentage of the center's earnings limitation.
- Shady Grove Fertility Center - a fixed dollar amount of the center's earnings subject to a fixed percentage of the center's earnings limitation ($1,071,000 is the upper boundary and $540,000 is the lower boundary of the calculation).

A complete listing of our fertility Partner contracts and vein clinic locations is presented below.

Fertility Partner contracts:

No.	Name	State	Year Contract Acquired
1.	Arizona Reproductive Medicine Specialists, Ltd.	AZ	July 2008
2.	Southeastern Fertility Centers, P.A.	SC	April 2008
3.	Center for Reproductive Medicine, P.A.	FL	August 2007

4.	Reproductive Partners Medical Group, Inc.	CA	January 2005
5.	Seattle Reproductive Medicine, Inc., P.S.	WA	January 2004
6.	Reproductive Endocrine Associates of Charlotte, P.C.	NC	September 2003
7.	Northwest Center for Infertility & Reproductive Endocrinology	FL	April 2002
8.	Shady Grove Fertility Reproductive Science Center, P.C.	MD, VA & DC	March 1998
9.	Fertility Centers of Illinois, S.C.	IL	August 1997
10.	Bay Area Fertility & Gynecology Medical Group, Inc.	CA	January 1997
11.	MPD Medical Associates (MA), P.C.	MA, NH & RI	July 1988

Vein Clinic locations:

No.	Location	Date Clinic Opened	No.	Location	D
1.	Pittsburgh, PA	December 2008	17.	Knoxville, TN	
2.	Skokie, IL	December 2008	18.	Raleigh, NC	
3.	Marietta, GA	June 2008	19.	Greensboro, NC	
4.	Alexandria, VA	April 2008	20.	Madison, WI	
5.	Milwaukee, WI	March 2008	21.	Rockville, MD	
6.	Boca Raton, FL	February 2008	22.	Charlotte, NC	
7.	Sterling, VA	December 2007	23	Orland Park, IL	
8.	Ft. Lauderdale, FL	July 2007	24.	Gurnee, IL	
9.	St. Louis, MO	January 2007	25.	Fairfax, VA	
10,	Merrillville, IN	August 2006	26.	Overland Park, KS	
11.	Kansas City, MO	June 2006	27.	Owings Mills, MD	
12.	West Palm Beach, FL	December 2005	28.	Buffalo Grove, IL	
13.	Alpharetta, GA	October 2005	29	Atlanta, GA	
14.	Naperville, IL	September 2004	30.	Oak Brook, IL	
15.	Lawrenceville, GA	September 2001	31.	Chicago, IL	
16.	Indianapolis, IN	April 2001	32.	Schaumburg, IL	

ITEM 1A. Risk Factors

Risk Factors

The following risk factors, while not intended to be all inclusive, could individually or in combination have a material adverse effect on our business, financial condition, results of operation and market price of our common stock.

Competition - Our business segments operate in highly competitive areas which are subject to continual change. New health care providers entering the market may reduce our market share, patient volume and growth rates. Additionally, increased competitive pressures may require us to commit more resources to our marketing efforts, thereby increasing our cost structure and impacting our profitability. There can be no assurance that we will be able to compete effectively with our current competitors. Nor can there be assurance that additional competitors will not enter the market, or that such competition will not make it more difficult for us to enter into additional contracts with fertility clinics or open profitable vein care clinics.

Alternative treatments - In addition to the services provided by our clinics, alternative treatments are available to patients with infertility and vein care issues. To the extent that these treatments are successful, or perceived as viable alternatives by prospective patients, our ability to attract and retain patients may be impacted.

Management turnover - The success of our business strategy depends upon the continued contribution of key members of our management team. The loss of key members of this team may adversely affect our ability to implement that strategy.

Cost containment measures and general healthcare reform - Cost containment measures instituted by healthcare insurers and any general healthcare reform could affect our ability to receive revenue from the use of our services. We cannot predict the effect of future legislation or regulation concerning the healthcare industry and third-party coverage on our business. In addition, fundamental reforms in the healthcare industry continue to be considered, however we cannot predict if any such reforms will be adopted and what impact these proposals might have on the demand for our services.

Contract termination - One or more of our fertility Partner practices may terminate their membership in our fertility network. Such an occurrence could significantly reduce our revenues without a corresponding reduction in our cost structure.

Physician resignation - The departure of one or more key medical providers may negatively impact the ability of a clinic to generate sufficient revenues and remain profitable.

Third-party payers - A significant portion of our fertility partner and vein clinic revenue depends upon reimbursements to the underlying physician practices from third-party payers. These third parties include government

authorities, private health insurers and other organizations, such as health maintenance organizations. Third parties are systematically challenging prices charged for medical treatment. They may deny reimbursement if they determine that a prescribed treatment is not used in accordance with cost-effective treatment methods as determined by the payer, or is experimental, unnecessary or inappropriate. Further, although third parties may approve reimbursement, such approvals may be under terms and conditions that discourage use of our services, even if our services are safer or more effective than the alternatives. Disruption of these relationships, whether in the form of changes to reimbursement contracts, loss of reimbursement contracts, solvency issues on the part of the payers, or in the case of our vein clinics, changes in Medicare reimbursement, may lower our revenues and therefore affect our cash flows and financial position.

Reliance on third party vendors - Our fertility and vein care clinics rely on a limited number of third-party vendors that produce medications and supplies vital to patient treatment. Should any of these vendors experience a supply shortage, it may have an adverse impact on our operations. To date, no shortage or disruption has been experienced.

State and Federal laws - Our business practices may be found to be in violation of State or Federal laws. These include, but are not limited to, Federal and State Anti-Kickback Laws, Federal and State Self-Referral Laws, Federal Stark Law, False Claim Laws, Federal and State Controlled Substances laws, HIPAA (Health Insurance Portability and Accountability Act) regulations, Medicare regulations and Anti-Trust Laws. Remedial efforts could result in a discontinuance of portions of our business or burdensome compliance efforts. The laws and regulations in this area are extremely complex and subject to interpretation. Many aspects of our business have not been the subject of federal or state regulatory review. Accordingly, there is no assurance that our operations have been in compliance at all times with all such laws and regulations. In addition, there is no assurance that a court or regulatory authority will not determine that our past, current or future operations violate applicable laws or regulations. If our operations were determined to violate laws or regulations, it could have a material adverse effect on our business, financial condition and operating results. In addition, state corporate practice of medicine laws vary from state to state. There can be no assurance that these laws will be interpreted in a manner consistent with our practices or that other laws or regulations will not be enacted in the future that could have a material adverse effect on our business, financial condition and operating results.

Corporate practice of medicine laws - Our operations may also be subject to state laws relating to the corporate practice of medicine. State laws may be interpreted to prohibit corporations other than medical professional corporations or associations from practicing medicine or exercising control over physicians, and may prohibit physicians from practicing medicine in partnership with, or as employees of, any person not licensed to practice medicine. State laws may also contain fee-splitting prohibitions or may prevent corporations from acquiring the goodwill of a medical practice. We believe that our operations are in material compliance with all applicable state laws relating to the corporate practice of medicine. We perform only non-medical administrative services, and in some circumstances, clinical laboratory services. In each of our clinical locations, a medical practice is the sole employer of the physicians, and the director of the medical practice retains the full authority to direct the medical, professional and ethical aspects of patient care.

Liability insurance - Providing health care services entails a substantial risk of medical malpractice and similar claims. While we do not engage in the practice of medicine, or assume responsibility for compliance with regulatory requirements directly applicable to physicians, we do require our affiliated medical practices to maintain medical malpractice insurance. However, in the event that services provided at one of our centers results in injury or other adverse effects, we are likely to be named as a party in any legal proceeding. Although we currently maintain liability insurance that we believe is adequate, successful malpractice claims could exceed the limits of our insurance and could have a material adverse effect on our business. Moreover, there is no assurance that we will be able to obtain such insurance on commercially reasonable terms in the future or that such insurance will provide adequate coverage against potential claims. In addition, a malpractice claim asserted against us could be costly to defend, could consume management resources and could adversely affect our reputation and business, regardless of the merit or eventual outcome of such claim. In addition, in connection with our acquisition of the assets of fertility centers, we may also assume some of the center's liabilities. Therefore, an entity may assert claims against us for events related to the fertility center prior to its becoming a Partner practice. We maintain insurance coverage related to these risks that we believe is adequate as to the risks and amounts, although there is no assurance that any successful claims will not exceed applicable policy limits. A portion of our insurance coverage is provided by a captive insurance company, therefore the availability of coverage, should it be needed, is subject to a host of risks.

Intellectual property risks - Trade secrets and other proprietary information which are not protected by patents are critical to our business. We attempt to protect our trade secrets by entering into confidentiality agreements with employees, third parties and consultants. However, these agreements can be breached. Even if we prove the breach, there may not be adequate remedy available to us.

Technology risks - The treatment of infertility and varicose veins are technologically intensive areas of medicine. There is no guarantee that our investments in medical technology will remain at the level of sophistication necessary for our clinics to remain competitive in the marketplace.

Impairment risks - We have recorded intangible assets related to our Business Service agreements and Vein Clinic acquisition. The value of these intangible assets is supported by the operating results of the underlying business unit. To the extent the operating results of the business unit(s) may become permanently impaired we may need to write-down the value of these assets against earnings in the period of impairment.

Tax positions - Our tax positions and tax returns are subject to routine review by Federal and State authorities. While we believe that our tax positions are in compliance with all applicable Federal and State tax laws, there can be no assurance that these laws will be interpreted in a manner consistent with our positions.

Financial results - Our quarterly results and stock price may fluctuate over time based on our business risk factors, seasonal influences, market expectations or other factors over which we have limited control. Other environmental financial factors over which we have limited or no control but which may impact our operations include the stability of the underlying financial system, health of the credit markets and government fiscal and monetary policies. In addition changes to financial variables over which we do exercise some control, such as dividend policy, stock dilution, banking and credit facilities, etc., may be perceived differently by different stakeholders, and thereby influence our stock price.

Compliance with debt covenants - Our term loan agreement with the bank requires that we maintain certain leverage and fixed charge ratios and minimum levels of EBITDA. The agreement also contains customary covenants related to dividends, acquisitions and additional indebtedness. There is no guarantee that we will continue to achieve compliance with these requirements.

Macroeconomic Events - Recent worldwide events in the financial and credit markets have reduced the availability of liquidity and credit to fund the operation and expansion of many business operations. This shortage of liquidity and credit, combined with recent substantial losses in worldwide equity markets, could lead to a material adverse effect on our business, financial condition and results of operations. Our ability to access the capital markets may be severely restricted at a time when we may have need, to access those markets, which could have a negative impact on our growth plans, our flexibility to react to changing economic and business conditions, and our ability to refinance existing debt. The financial and credit crisis could also have an impact on the lenders under our credit facilities, causing them to fail to meet their obligations to us. In addition, our levels of elective procedures and our ability to collect accounts receivable, due to the effects of higher unemployment and reductions in commercial managed care enrollment, may be materially impacted if the current economic environment continues.

Failure to successfully integrate acquisitions - The integration of an acquired company is an intricate and complicated task. Merging two cultures and sets of operating procedures to achieve the synergies envisioned at the outset of the transaction requires significant manpower and resources. There is no guarantee that we will be able to achieve the accretive earning potential of any acquisition.

ITEM 1B. Unresolved Staff Comments

We believe that we have complied with all the requests of the SEC staff in this filing, but have not yet received the "no further comment" communications.

ITEM 2. Properties

Our headquarters and executive offices are located in Purchase, New York, where we occupy approximately 18,500 square feet under a lease expiring in 2012. Future lease payments will approximate $51,100 per month.

We also lease or sublease locations for our fertility centers and vein clinics. Costs associated with the fertility agreements are reimbursed to us as part of our fee agreement with the applicable clinic whereas costs associated with vein clinic locations are not reimbursed.

We believe that our executive offices and the space occupied by our clinics are adequate for our operations.

ITEM 3. Legal Proceedings

From time to time, we are party to legal proceedings in the ordinary course of business. None of these proceedings is expected to have a material adverse effect on our financial position, results of operations or cash flow.

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

None.

PART II

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

Our common stock is traded on the NASDAQ National Market under the symbol "INMD" The following table sets forth the high and low closing sales price for our common stock, as reported on the NASDAQ National Market.

	Common Stock	
	High	Low
2007		
First Quarter...........	12.53	10.42
Second Quarter..........	13.18	10.53
Third Quarter...........	12.69	9.68
Fourth Quarter..........	15.05	10.68
2008		
First Quarter...........	12.00	8.30
Second Quarter..........	10.32	6.79
Third Quarter...........	8.20	5.77
Fourth Quarter..........	7.08	4.30

On March 20, 2009, there were approximately 115 holders of record of the Common Stock and approximately 1,600 beneficial owners of shares registered in nominee or street name.

Dividend Policy

We have not paid cash dividends on our common stock during the last two fiscal years, and we currently anticipate retaining all available funds for use in the operation and expansion of the business. Therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

Selected Equity Transactions

We have three stock option plans which have been approved by our shareholders. The following table sets forth certain information relative to these stock option plans.

Plan Category	Number of Securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of secur remaining avail future issuance equity compensa (excluding secu reflected in co (c)
Equity compensation plans approved by security holders........	227,016	$5.78	214,869
Equity compensation plans not approved by security holders.....	--	--	--
Total................	227,016	$5.78	214,869

During 2008, 2007 and 2006, we issued approximately 99,000, 78,000 and 106,000 shares, respectively, of restricted common stock as deferred compensation to several of our officers and directors with an aggregate value of

$899,000 $956,000 and $887,000 respectively. These shares were valued at their fair value on the date of grant, and are amortized to expense over their vesting period, which approximates the service period.

During 2008, we also issued approximately 128,000 incentive stock options to certain members of our management team. These options have a ten year life, vest over four years and had a fair value at date of grant of approximately $741,000.

During 2007 and 2006, we issued 1,628,907 and 1,291,368 shares respectively, of Common Stock as a stock split effected in the form of a stock dividend to our then current stockholders. The additional shares represent splits at 25% for each year. The issuance of these shares had no direct financial impact on our results of operations or financial position and did not alter the market capitalization of our common shares outstanding. All earnings per share amounts were restated to reflect the splits.

In 2007, the Company issued an aggregate of 336,700 shares of unregistered restricted shares of Common Stock in reliance of Section 4(2) of the Securities Act of 1933 to Kush K. Agarwal and Brian D. McDonagh in connection with the Company's acquisition of Vein Clinics of America, Inc. on August 8, 2007. These shares had a market value of $4 million on the date of issuance.

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Performance Graph

The following graph compares the cumulative 5-year total return provided to shareholders on IntegraMed America, Inc.'s common stock relative to the cumulative total returns of the NASDAQ Composite index and the NASDAQ Health Services index. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each of the indexes on 12/31/2003 and its relative performance is tracked through 12/31/2008.

[GRAPHIC OMITTED]

	12/03	12/04	12/05	12/06	12/07	12/08
IntegraMed America, Inc.	100.00	187.52	275.83	391.93	374.35	219.73
NASDAQ Composite	100.00	110.08	112.88	126.51	138.13	80.47
NASDAQ Health Services	100.00	127.29	135.26	141.82	142.06	100.14

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

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ITEM 6. Selected Financial Data -

The following selected financial data (for the years ended December 31, 2008, 2007, 2006, 2005 and 2004) are derived from our consolidated financial statements and should be read in conjunction with the financial statements, related notes, and other financial information included elsewhere in this Annual Report on Form 10-K. Financial information for our Vein Care division is included only for the period subsequent to its August 8, 2007 acquisition.

Earnings per share and average share values for the years 2006, 2005, and 2004 have been restated to reflect the 25% stock split effected in the form of a stock dividend declared in March 2007, the 25% stock split effected in the form of a stock dividend declared in May 2006, and the 30% stock split effected in the form of a stock dividend declared in May 2005. These results reflect the impact of the restatement of the timing of the revenue recognition of our Attain IVF program, as described in Note 2 to the consolidated financial statements and accordingly the data for 2004, 2005, 2006 and 2007 have been restated.

Statement of Operations Data:

	December 31,			
	2008	2007	2006	2005
	(in thousands, except per share amoun			
Revenues, net	$ 198,153	$ 151,822	$ 126,320	$ 128,
Costs of services incurred	179,867	136,699	113,778	114,
Contribution	18,286	15,123	12,542	14,
General and administrative expenses	10,654	10,537	9,380	12,
Total other (income) expense, net	1,180	(120)	(378)	(
Income before taxes	6,452	4,706	3,540	2,
Provision for income taxes	2,537	1,662	470	1,
Net income	3,915	3,044	3,070	1,
Net income applicable to Common Stock	$ 3,915	$ 3,044	$ 3,070	$ 1,
Basic EPS	$ 0.45	$ 0.37	$ 0.38	$ 0
Diluted EPS	$ 0.45	$ 0.36	$ 0.37	$ 0
Weighted average shares - basic	8,618	8,310	8,090	8,
Weighted average shares - diluted	8,691	8,410	8,194	8,

Balance Sheet Data:

	December 31,			
	2008	2007	2006	2005
			(in thousands)	
Working capital (1)	$(2,445)	$(3,434)	$11,685	$6,148
Total assets	121,441	114,171	76,323	67,190
Total indebtedness	30,219	25,460	8,774	10,147
Accumulated deficit	(2,178)	(6,094)	(9,139)	(12,209
Shareholders' equity	52,266	47,635	40,178	36,298

(1) Represents current assets less current liabilities.

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

Forward Looking Statements

This Form 10-K and discussions and/or announcements made by or on behalf of us, 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. Our actual results may differ materially from those described in these forward-looking statements due to the following factors: our ability to acquire additional Fertility Partner agreements or open additional vein clinics, our ability to raise additional debt and/or equity capital to finance future growth, the loss of significant Partner agreement(s), the profitability or lack thereof at fertility centers or vein clinics serviced by us, increases in overhead due to expansion, the exclusion of fertility services or vein care from insurance coverage, government laws and regulation regarding health care, changes in managed care contracting, the timely development of and acceptance of new fertility or vein treatment technologies and techniques. We are under no obligation (and expressly disclaim any such obligation) to update or alter any forward-looking statements whether as a result of new information, future events or otherwise.

Business Overview

IntegraMed is a specialty healthcare services company offering products and services to patients and providers in the fertility and vein segments of the healthcare industry. We deliver these products and services through three main operating divisions.

Our Fertility Centers division is a provider network comprised of eleven contracted fertility centers, referred to as our Partner Program, located in major markets across the United States. IntegraMed offers products and services to these providers designed to support the fertility center's growth. All fertility Partners also have full access to our Consumer Services offerings (described below). The division also supports a Council of Physicians and Scientists, for fertility providers as well as ARTIC, a captive insurance company which provides malpractice insurance to member physicians.

The Consumer Services division offers products directly to fertility patients. The division's Attain IVF program and financing products are designed to make the treatment process easier and more affordable for patients. The division maintains a contracted network of 22 independent fertility clinics under its Affiliated program which are designed to distribute the division's products and services to a wider group of patients than those serviced by our Partner locations.

Our Vein Clinics division began operations on August 8, 2007, with the purchase of Vein Clinics of America, Inc. The Vein Clinics division currently operates a network of 32 clinics (33 as of January 2009) located in 12 states, which specialize in the treatment of vein disease and disorders.

The primary elements of our business strategy include:

- o Expanding our network of fertility and vein clinics into new major markets;
- o Increasing the number and value of Consumer Service packages purchased by Affiliates in our network;
- o Entering into additional Partner contracts with Affiliated and non-Affiliated fertility centers;
- o Opening new vein treatment clinics;
- o Increasing revenues and profits at contracted fertility centers and consolidated vein clinics;
- o Increasing sales of Attain IVF and treatment financing products to fertility patients; and
- o Leveraging corporate general and administrative costs over a larger base of operations.

The business strategy of our Fertility Centers segment is to leverage our deep expertise and commitment to improved fertility center performance by providing the best value-specific offerings designed to manage and grow the center within the context of a long-term relationship. The business strategy of our Consumer Segment is to provide products and services that make obtaining high quality fertility treatment easier and more affordable for patients. The

business strategy of the Vein Clinic segment is to provide technologically advanced care for vein disease to an underserved population through the opening of additional clinics, growing each of the clinics and achieving higher productivity and profitability at each clinic.

Major events impacting financial condition and results of operations

2008

On October 28, 2009, the management of the Company concluded and subsequently reported to the Audit Committee of the Company's Board of Directors that the Company's audited financial statements for the years ended December 31, 2006, 2007 and 2008 should no longer be relied upon and will be restated due to an understatement in revenue recognized in connection with its Attain IVF program within its Consumer Services Division. See Note 2 to the consolidated financial statements for additional information.

From June 2008 through March 2009, the annual 2007 and the 2008 periodic interim reports of IntegraMed America, Inc. and Subsidiaries were the subject of a standard comment and review process by the Staff of the Division of Corporation Finance of the Securities and Exchange Commission ("SEC"). The application of generally accepted accounting principles to the Company's Attain IVF program's multiple element revenue arrangements is complex and management's interpretation of the applicable authoritative literature related to the timing of the recognition of the fair value of revenue for the non-refundable portion of the Attain IVF program fees differed from that of the SEC which caused us to re-evaluate the Company's revenue recognition policies. As a result, the Company restated its prior financial statements with respect to the timing of revenue recognition for its Attain IVF program (formerly Shared Risk Refund program) within its Consumer Services Division. Our previous revenue recognition policy had generally recognized the non-refundable patient fees (generally 30% of the contract amount) as revenue upon the completion of the first treatment cycle. We now recognize the non-refundable fees based on the relationship of the fair value of each treatment to the total fair value of the treatment package available to each patient. We also recognize a "warranty reserve" representing the estimated cost of services to be provided in the event a qualified patient miscarries. This restatement does not impact the cash flows from operations of this program or the ultimate profits to be recognized, only the timing of the revenue recognition for a portion of the fees that we collect from our customers. See Note 2 to the consolidated financial statements.

On December 17, 2008, we announced the opening of a new Vein Clinic location in Skokie, Illinois. This clinic represents IntegraMed's ninth vein care clinic in the greater Chicago metropolitan area and will benefit from the significant operational and marketing leverage we have developed in that market.

On December 8, 2008, we announced the opening of a new Vein Clinic location in Monroeville, Pennsylvania. This clinic is IntegraMed's first vein clinic in Pennsylvania and is designed to provide state of the art vein care to patients in the greater Pittsburgh area.

On July 9, 2008, we entered into a Business Services Agreement to provide discrete business services to Arizona Reproductive Medicine Specialists, based in Phoenix, Arizona. Under the terms of this 25 year agreement, our service fees are initially comprised of a fixed percentage of the fertility practice's net revenue. We also have the exclusive option at any point during the life of the contract to expand our service offerings into a complete range of business, marketing and financial services at which time our fees will also include a fixed percentage of the fertility practice's earnings.

On June 23, 2008, we announced that we entered into a new Affiliate services contract with the University of North Carolina ("UNC") School of Medicine's Department of Obstetrics and Gynecology in Chapel Hill, North Carolina. As an Affiliate, UNC School of Medicine's Department of Obstetrics and Gynecology receives distribution rights to IntegraMed's consumer products and services. In addition, UNC School of Medicine's Department of Obstetrics and Gynecology has the right to receive other products and services uniquely designed to support the business needs of successful, high-growth fertility centers.

On June 5, 2008, we announced the opening of a new Vein Clinic location in Marietta, Georgia. This clinic is IntegraMed's fourth vein clinic in Georgia and this newly completed, state-of-the-art clinic, outfitted with the latest in laser and other vein treatment technologies is positioned to deliver the highest level of patient care available in the area.

On April 29, 2008, we announced the opening of a new Vein Clinic treatment center in Alexandria, Virginia. This addition to our Vein Clinics Division will provide focused vein care treatment solutions to the Washington, D.C. metropolitan area.

On April 24, 2008, we entered into a Business Services Agreement to supply a complete range of business, marketing and facility services to the Southeastern Fertility Centers, P.A., located in Mount Pleasant, South Carolina.

Under the terms of this 25-year agreement, our service fees are comprised of reimbursed costs of services, a tiered percentage of revenues, and an additional fixed percentage of the practice's earnings. We also committed up to $0.6 million to fund any necessary capital needs of the practice.

On April 1, 2008, we entered into an Affiliate services contract with OU Physicians Reproductive Health in Oklahoma City, Oklahoma. As a result of this agreement, OU Physicians Reproductive Health provides another opportunity for our Consumer Services Division to distribute their product offerings in support of this successful fertility center.

2007

On August 29, 2007, we entered in to a Business Services Agreement to supply a complete range of business, marketing and facility services to the Center for Reproductive Medicine in Orlando, Florida. The Center for Reproductive Medicine is a fertility practice comprised of four physicians. Under the terms of this 25-year agreement, our service fees are comprised of reimbursed costs of services, a tiered percentage of revenues, and an additional fixed percentage of the Center for Reproductive Medicine's earnings. We also committed up to $1.0 million to fund any necessary capital needs of the practice.

On August 8, 2007, we acquired all of the outstanding stock of VCA for a total cost of approximately $29 million in cash and common stock. The results of VCA are included in our financial statements from the date of the acquisition.

Also on August 8, 2007 we entered into an amended loan agreement with Bank of America. The new term loan is in the amount of $25 million (the proceeds of which were applied to repay our original term loan and finance in part the VCA transaction). Interest on the new term loan is at our option, at the prime rate or at LIBOR plus 2% to 2.75% depending upon the level of the ratio of consolidated debt to earnings before interest, taxes depreciation and amortization ("EBITDA"). The loan agreement also contains provisions for a revolving line of credit in the amount of $10 million. Interest on the revolver is at LIBOR plus 1.5% to 2.5% depending on the level of the ratio of consolidated debt to EBITDA. As of September 30, 2008, no amounts were drawn on the revolver.

Effective July 1, 2007, we expanded the Shady Grove Fertility Center Partner Service arrangement with the addition of the Fertility Center of the Greater Baltimore Medical Center ("Center") in Baltimore, Maryland where we will provide a full range of business, marketing and facility services. Under the terms of this agreement, we purchased the assets of the Center from Greater Baltimore Medical Center and have committed additional resources to support further growth and development of the Center. Under the terms of this agreement, we will be paid service fees comprised of reimbursed costs of services and a fixed percentage of revenues, plus an additional fixed amount of the Center's earnings.

On March 19, 2007, we declared a 25% stock split effected in the form of a stock dividend for all holders of record as of April 13, 2007. As a result of this dividend, 1,628,907 new shares of common stock were issued on the payment date of May 4, 2007. 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 in this filing have been restated to reflect this stock split.

2006

On May 22, 2006, we declared a 25% stock split effected in the form of a stock dividend for all holders of record as of June 7, 2006. As a result of this dividend, 1,291,368 new shares of common stock were issued on the payment date of June 21, 2006. 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 in this filing have been restated to reflect this stock split.

During October 2006, we provided notification that our financial statements for 2005 and the first two quarters of 2006 could not be relied on, and were restated due to an accounting error. The restatements consisted of non-cash adjustments to deferred tax and intangible balances and did not result in any changes to net income or earnings per share for any period. All periods affected by this error have been restated throughout this document.

In December 2006, we determined that we no longer needed a valuation allowance related to deferred tax assets generated by net operating loss carry-forwards of prior years. As a result, we recorded a tax benefit of $821,000 which reduced our overall tax provision and increased net income by the same amount while adding $0.10 to earnings per share.

Significant Accounting Policies

Our accounting policies are described in Note 2 of the consolidated financial statements.

Results of Operations

As discussed above, the Company herein is restating its prior financial statements with respect to revenue recognition for its Attain IVF program (formerly Shared Risk Refund program) within its Consumer Services Division. All of the financial data discussed herein, has been restated for this issue.

The following table shows the percentage of net revenue represented by various expenses and other income items reflected in our statement of operations for the years ended December 31, 2008, 2007 and 2006 (for comparability purposes, the tax benefit for 2006 is omitted):

	2008	2007	2006
Revenues, net:			
Fertility Centers	69.9%	79.8%	89.3%
Consumer Services	10.0%	10.8%	10.7%
Vein Clinics	20.1%	9.4%	0.0%
Total revenues	100.0%	100.0%	100.0%
Costs of services incurred:			
Fertility Centers	64.7%	73.2%	82.7%
Consumer Services	7.3%	8.1%	7.4%
Vein Clinics	18.8%	8.7%	0.0%
Total costs of service	90.8%	90.0%	90.1%

Contribution:			
Fertility Centers	5.2%	6.6%	6.6%
Consumer Services	2.7%	2.7%	3.3%
Vein Clinics	1.3%	0.7%	0.0%
Total contribution	9.2%	10.0%	9.9%
General and administrative expenses	5.4%	6.9%	7.4%
Interest income	(.2)%	(.8)%	(.9)%
Interest expense	.8%	.8%	.6%
Total other expenses	6.0%	6.9%	7.1%
Income from operations before income taxes	3.2%	3.1%	2.8%
Income tax provision	1.2%	1.1%	0.4%
Net income	2.0%	2.0%	2.4%

Revenues

For the year ended December 31, 2008, total revenues of $198.2 million increased approximately $46.3 million, or 30.5% from the same period in 2007. We experienced year-over-year organic revenue increases in both of our fertility business segments. Our Fertility Centers revenue increased as a result of growth within our existing medical practices, as well as the addition of two new Partner arrangements and the full year of results of a Partner added in the third quarter of 2007. Expansion continued in our Consumer Services segment, driven by the continued expansion of its Attain IVF program. In addition to our

fertility segments, our performance for the twelve months ended December 31, 2008, included full year results from our Vein Clinics division which was purchased on August 8, 2007.

For the year ended December 31, 2007, total revenues of $151.8 million increased approximately $25.5 million, or 20.2% from the same period in 2006. Our Fertility Centers revenue increased as a result of growth within the underlying medical practices, the addition of one new Partner arrangement and the expansion of the Shady Grove contract in 2007. Expansion continued in our Consumer Services segment, driven by the growth of its Attain IVF program. In addition to growth within these two segments, on August 8, 2007, we acquired Vein Clinics of America, Inc. This leading provider of vein disease treatment became our third operating segment and contributed $14.3 million to our 2007 revenues.

A segment-by-segment discussion is presented below.

Fertility Centers Segment

In providing clinical care to patients, each of our Partner practices generates patient revenue which we do not report in our financial statements. Although we do not consolidate the physician fertility practice financials with our own, these financials do directly affect our revenues.

The components of our revenue from each of the Partner practices are:

- o A Base Service fee calculated as a percentage of patient revenue as reported by the Partner practice (this percentage varies from 6% down to 3% depending on the level of patient revenues);
- o Cost of Services equal to reimbursement for the expenses which we advanced to the Partner practice during the month (representing substantially all of the expenses incurred by the practice);
- o Our Additional fees which represent our share of the net income of the Partner practice (which varies from 10% to 20% or a fixed amount depending on the Partner practice).

In addition to these revenues generated from our Fertility Centers, we often receive miscellaneous other revenues related to providing services to medical practices. From the total of our revenues, we subtract the annual amortization of our Business Service Rights, which are the rights to provide Business Services to each of the Partner practices.

Fertility Center revenues in the year ended December 31, 2008, increased by $17.4 million or 14.3% from the same period in 2007. This compares to an increase of $8.3 million, or 7.4% for the year ended December 31, 2007 versus 2006. During both years, growth was largely attributable to same center year-over-year growth in our network of underlying medical practices. Influencing this growth is our focus on increasing patient revenues through effective multi-faceted marketing programs, as well as our continued focus on expense management which drives operational efficiency and higher contribution margins. Revenues for the year ended December 31, 2008, also benefited from (a) the inclusion of a new fertility Partner in Mount Pleasant, South Carolina which contributed $3.5 million to our net revenue since its addition in April 2008; (b) full year results from our Orlando, Florida Partner added in September 2007, and (c) the full year impact from the expansion of Shady Grove into the Baltimore, Maryland market in July 2007.

In July 2008, we also entered into a twenty-five year contract with an established fertility clinic based in Phoenix, Arizona. Under the terms of this agreement we will phase in the implementation of our full suite of Partner services over time. Under this arrangement, our fees are currently calculated as a fixed percentage of the clinics revenues with an option to expand into our standard three-tiered fee structure, in line with expanded Partner services, based upon the center meeting certain performance targets.

The table below illustrates the components of the Fertility Centers segment revenue in relation to the physician practice financials for 2008, 2007 and 2006 (000's omitted):

	Twelve Months Ending December 31,		
	2008	2007	2006

Physician Financials			
(a) Patient revenue	$ 192,380	$ 168,653	$ 152,632
(b) Cost of services	125,156	109,132	102,625
(c) Base service fee	8,798	7,791	7,170
(d) Practice contribution (a-b-c)	58,426	51,730	42,837
(e) Physician compensation	52,861	46,687	38,576
(f) IntegraMed additional fee	5,565	5,043	4,261
IntegraMed Financials			
(g) IntegraMed gross revenue (b+c+f)	139,517	121,975	114,055
(h) Amortization of business service rights	(1,300)	(1,343)	(1,495)
(i) Other revenue	223	446	207
(j) IntegraMed fertility services revenue (g+h+i)	$ 138,440	$ 121,078	$ 112,767

(i) Other revenue includes administrative fees we receive from ARTIC, the captive insurance company, fees from the Phoenix fertility center noted above as well as other miscellaneous fees.

The following summarized quarterly data for 2008, 2007 and 2006 is presented for additional analysis and demonstration of the slight seasonality of the fertility division. The volumes in the first quarter of each year are typically lower than the balance of the year as many patients do not wish to prepare for the IVF procedure in the last month of the year, resulting in fewer IVF ready patients in January and February. Contributing to the lower volumes are voluntary laboratory closures at year-end at several of our labs in order to undergo normal maintenance (in thousands, except New Patient Visits and IVF Cases Completed).

	Revenues, Net (000's)			Contribution (000's)			New Patient Visits			
	2008	2007	2006	2008	2007	2006	2008	2007	2006	
First quarter...	32,746	$29,092	$27,497	2,304	$2,315	$2,059	6,765	5,917	5,303	3
Second quarter .	35,051	29,728	28,648	2,570	2,526	2,031	7,093	5,867	5,452	3
Third quarter...	36,505	31,046	28,256	2,743	2,714	2,174	7,186	5,930	5,578	3
Fourth quarter..	34,138	31,212	28,366	2,599	2,464	2,146	7,173	6,279	5,400	3
Total year	$138,440	$121,078	$112,767	$10,216	$10,019	$8,410	28,217	23,993	21,733	13

Consumer Services Segment

For the year ended December 31, 2008, revenues of $18.4 million from our Attain IVF Program represented approximately 93% of our Consumer Services segment revenues. This compares to revenues of $15.1 million, or slightly over 91% of Consumer Services revenues in 2007. Revenue growth in the Attain IVF program of $3.3 million, or 21.8%, in 2008 was the result of enrolling more patients into the program and increasing patient through-put by maintaining, high pregnancy success rates. Similarly, Attain IVF revenue growth of $3.1 million, or 21.4%, in 2007 versus 2006 was also attributable to expanded enrollments relative to the earlier year, coupled with high pregnancy rates. Over the past four years, enrollments in our Attain IVF Program have grown at a compound annual rate of 32.8%, while pregnancy success rates have either been maintained or increased. Since our customers in the Attain IVF program prepay for their suite of services, and a significant portion of the fees received by us are not recognized until the patient achieves pregnancy, our Attain IVF deposits and Deferred Revenue balance continues to grow each year as the number of enrolled patients grow.

The following summarized Consumer Services segment quarterly data for 2008, 2007 and 2006 is presented for additional analysis and demonstration of the growth of enrollments and pregnancies in our Attain IVF program.

	Revenues, Net (000's)			Contribution (000's)			Enrollments		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
First quarter...	$4,196	$3,235	$3,036	1,235	$751	$765	212	250	159
Second quarter .	4,807	4,179	3,127	1,446	1,125	1,266	280	241	194
Third quarter...	5,364	4,557	3,512	1,352	1,171	1,081	307	247	227
Fourth quarter..	5,396	4,489	3,878	1,386	1,077	1,020	250	222	207
Total year	$19,763	$16,460	$13,553	$5,419	$4,124	$4,132	1,049	960	787

Revenues from our Affiliate program were $1.2 million for the year 2008, which is approximately unchanged from the years ended December 31, 2007 and 2006. Although our Affiliate program produces significant revenues on a stand alone basis, the primary value of the twenty two enrolled clinics as of December 31, 2008, is to serve as a distribution channel for our Attain IVF program and as an introduction to our services for medical practices which move on to become full fertility Partners. During 2008, four independent fertility clinics joined our Affiliate program and two left in Partner related transactions for a net increase of two clinics. For the year ended December 31, 2007, our Affiliate program had a net reduction of one clinic as one practice moved up to our Partner program.

Pharmaceutical revenue of $0.2 million for the year ended December 31, 2008, was approximately equal to the prior period in 2007, and down slightly from $0.4 million in 2006. Our pharmaceutical revenues are comprised of marketing support fees we earn based upon underlying product margin as reported by a third-party pharmaceutical distributor. Over the past several years we have seen flat or declining revenues due to pharmaceutical cost increases which the distributor has been unable to pass on to the consumer as a result of competitive pressures. We view these pricing and margin developments as longer-term structural elements within the pharmaceutical market do not expect significant improvement during 2009. As such we are anticipating not renewing our contract with the third-party distributor when it expires in 2009.

Vein Clinics Segment

Revenues for the year ended December 31, 2008, were approximately $40.0 million versus partial year revenues of $14.3 million in 2007. Revenues for the year ended December 31, 2007, represent operating results only since this segment was purchased on August 8, 2007.

Vein clinic revenues are generally from billings to patients or their insurer for vein disease treatment services, as opposed to the service fees and reimbursed costs earned by our Fertility Centers segment. For comparable purposes, revenues reported by VCA on a stand alone basis for the twelve months ended December 31, 2007 were $34.5 million.

As of December 31, 2008, revenues at established clinics opened one year or more rose by $2.2 million, or 6.6%, to $35.9 million from $33.7 million for the full twelve months of 2007. During 2008 we also opened our planned five new clinics, for a total of 32 as of December 31, 2008, versus three clinics opened in 2007, as we continued to successfully execute our expansion plans.

We have included the results of VCA in our financial statements since the date of its acquisition on August 8, 2007. For purposes of additional analysis and to demonstrate the significant seasonality of this segment, summarized VCA quarterly data for 2008 and 2007 (revenues and contribution in thousands) appear below:

	Revenues, Net		Contribution			New Patients		T
	2008	2007	2008	2007		2008	2007	
First quarter...	$8,842	$7,404	$322	$266		1,208	1,114	15
Second quarter .	10,062	9,155	713	1,158		1,572	1,382	19
Third quarter...	10,360	8,283	892	(1,704)	(a)	1,500	1,266	17
Fourth quarter..	10,686	9,704	724	438		1,187	1,127	18
Total year	$39,950	$34,546	$2,651	$158		5,467	4,889	71

(a) Includes non-recurring expenses of $2,016,000 related to the sale of the company.

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VCA operated 32 clinics at the end of 2008, 28 clinics at the end of 2007 and 25 at the end of 2006.

Contribution

For the year ended December 31, 2008, total contribution of $18.3 million was up approximately $3.2 million, or 20.9% from the same period in 2007. Increased contribution in our Fertility Centers segment in 2008 was the result of the increased profitability in our platform of existing clinics as well as the addition of acquisition related results. The continued growth of our Attain IVF program and full year results from our Vein Clinics segment were also major contributors to the improvement.

For the year ended December 31, 2007, contribution growth was $2.6 million, or 20.6%, versus the comparable period in 2006. The increase in contribution in 2007, versus 2006, was fueled mainly by organic growth in our Fertility Centers division coupled with partial year results from our Vein Care division acquired in August 2007. Contribution results for our Consumer Division in 2007 were essentially even with 2006, as growth in our Attain IVF program was offset by declining fees from pharmaceutical sales.

A segment-by-segment discussion is presented below.

Fertility Centers Segment

Fertility Center contribution of $10.2 million for the year ended December 31, 2008, increased approximately $0.2 million, or 2.0%, from prior year levels. Although this segment experienced revenue growth of 14.3% in 2008, versus the prior year, margin growth was tempered by additional division level infrastructure investments. These investments, which totaled $1.2 million during 2008, were designed to support continuing growth and new acquisitions within this segment. Excluding this additional infrastructure, contribution from operations grew $1.4 million, or 11.5%, for the twelve months ended December 31, 2008, versus the year earlier period. Approximately $0.8 million of the increase in contribution came from our new fertility Partners with the remaining centers generating contribution growth of $0.6 million versus the prior year.

Fertility Center contribution for the year 2007 increased approximately $1.6 million, or 19.1% from the same period in the prior year. This increase was primarily attributable to the continued revenue and margin growth of our existing Fertility Centers, and entry into new fertility markets in Baltimore, Maryland and Orlando, Florida. Contribution growth rates for our existing Partners averaged 14.9% in 2007, versus the prior year. The new markets entered into during the second half of 2007 generated contribution of more than $400,000.

Consumer Services Segment

Contribution from our Consumer Services segment grew by $1.3 million to $5.4 million for the twelve months ended December 31, 2008 versus a contribution of approximately $4.1 million in the year earlier period. This growth was driven by our Attain IVF Program in which the two key profitability metrics (i.e., the number of patients receiving treatment and pregnancy success rates) showed year-over-year improvement in 2008 versus 2007.

Contribution from both our Affiliate and Pharmaceutical programs in 2008, were on par with results in 2007. Although our Affiliate program grew by a net of two fertility practices during 2008, the underlying value of this program is to serve as a distribution channel for our Attain IVF and patient financing products as well as a source of future Partner programs. Also, as noted previously, the market for pharmaceutical products in which we participate has been subject to external pricing pressures which have restricted revenues and profitability.

For the year ended December 31, 2007, contribution of $4.1 million from our Consumer Services segment was equal to the $4.1 million earned in the prior year. While enrollments in our Attain IVF program grew in 2007 versus 2006, pregnancy rates during 2007 were at the low end of our expected range and impacted the amount of revenue recognized as we record the bulk of our revenue at the time of pregnancy.

Contribution from our Pharmaceutical line, down $0.4 million, or 71.3% was due to a previously mentioned unfavorable pricing and reimbursement environment.

Vein Clinics Segment

For the year ended December 31, 2008, contribution from our Vein Clinics Division of $2.7 million was up $1.7 million from reported 2007 results. Year versus year comparisons for this segment are not directly comparable as 2007 results only include contribution generated since this segment was acquired in August 2007. During the fourth quarter of 2008, this segment generated contribution of $724,000, as compared to $438,000 in the fourth quarter of 2007. This improved performance is attributed to (a) enhanced efficiency and retention at the clinic operational level; (b) improvements in revenue cycle management; (c) the opening of five additional clinics in 2008 versus 2007, net of associated start-up costs and (d) savings from integrating VCA's administrative functions with the Corporate Shared Services group.

General and Administrative Expenses

General and Administrative ("G&A") expenses are comprised of salaries and benefits, administrative, regulatory compliance, and operational support costs defined as our Shared Services group, which are not specifically related to individual clinical operations or other divisional operations. These costs totaled $10.7 million for the year 2008, $10.5 million in 2007 and $9.4 million in 2006. We measure our success by relating G&A costs to operating contribution. For twelve months ended December 31, 2008, G&A expenses were 58.3% of contribution which compares favorably to ratios of 69.7% for the same period in 2007 and 74.8% in 2006. We continue to actively manage G&A expenses in an effort to leverage our Support Services group and extract economies of scale from within the organization.

Interest

Net interest expense for the year ended December 31, 2008 totaled $1.2 million, compared to net interest income of $0.1 million for the year 2007, and net interest income of $0.4 million in 2006. The change in net interest income/expense for the three years ended December 31, 2008, is primarily the result of utilizing cash on hand and additional borrowings as the principal means of financing our acquisition of VCA in August 2007. This acquisition used approximately $14 million of cash from our balance sheet in addition to $17 million of new borrowings.

Coupled with this cash outlay is a reduction in the general level of interest rates as well as a slow-down in various credit markets which has resulted in restrictions on the interest income we are able to earn on our cash balances. Subject to interest rate fluctuations, we anticipate interest expense to decrease gradually in the coming quarters as scheduled debt repayments reduce our outstanding principle balances.

Interest income of $0.4 million for the year ended December 31, 2008 was below that of the prior year by $0.9 million, or a reduction of 69.5%, primarily as a result of lower market interest rates and conditions in the credit markets which limited investment opportunities. Interest expense of $1.6 million for the year ended December 31, 2008, exceeded that of the prior year by $0.4 million, or 37.5% primarily due to interest charges on new borrowings done in August 2008, associated with the VCA acquisition.

For the year ended December 31, 2007, interest income increased $0.2 million, or 17.1%, from the same period in 2006, as a result of earnings on idle cash balances during the first seven months of 2007. Interest expense of $1.1 million for the year ended December 31, 2007, increased by $0.4 million from the same period in 2006, as a result of mid-year borrowings associated with the VCA acquisition.

Income tax provision

Our provision for income tax was approximately $2.5 million, $1.7 million and $0.5 million for the three years ended December 31, 2008, 2007 and 2006 respectively, or 39.3%, 35.3% and 13.3% of pre-tax income, respectively. Our effective tax rates for all years reflect provisions for both federal and state income taxes. The low effective tax rate of 13.3% for the year ended December 31, 2006 was mainly due to an $821,000 tax benefit related to the elimination of the valuation allowance on deferred tax assets. The lower effective tax rate of 35.3% for the year ended December 31, 2007 was mainly due to benefits received from tax-exempt interest income. We expect the effective tax rate to approximate 39% in 2009.

Effective January 1, 2007, we adopted Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN No. 48), "Accounting for Uncertainty in Income

Taxes," which clarifies the accounting and disclosure for uncertainty in income taxes. The adoption of this interpretation did not have a material impact on our financial statements.

We file income tax returns in the U.S. federal jurisdiction and various states. For federal income tax purposes, our 2007 and 2008 tax years remain open for examination by the tax authorities under the normal three year statute of limitations. A federal income tax examination for tax years through 2006 was completed during 2008 resulting in no adjustment to our income tax liability. For state tax purposes, our 2004 through 2008 tax years remain open for examination by the tax authorities under a four year statute of limitations.

Off-balance Sheet Arrangements

FASB Interpretation No. 46 (FIN 46R) "Consolidation of Variable Interest Entities" ("VIE's") 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 of December 31, 2008, through the acquisition of the Vein Clinics of America, Inc, we have interests in the individual vein clinics, where we are the primary beneficiary and obligor of their financial results (our contract provides for us to receive any excess or deficit profits from the vein clinics). As such we have consolidated these vein clinic operations in our financial statements in accordance with the provisions of FIN 46R. Since we do not have any financial interest in the individual fertility clinics and we are not the primary beneficiary or obligor of their financial results (our contracts provide for the physician owners of the clinics to receive any excess or deficit profits), we do not consolidate the results of the fertility clinics in our accounts. Also, since we do not have any interest in the captive insurance provider where we are not the primary beneficiary, we do not consolidate the results of the captive insurance company in our accounts.

Liquidity and Capital Resources

As of December 31, 2008, we had approximately $28.3 million in cash and cash equivalents on hand as compared to $23.7 million at December 31, 2007. We had a working capital deficit of approximately $2.4 million, at December 31, 2008, an improvement from the deficit of $3.4 million as of December 31, 2007.

Attain IVF deferred revenue and Other Patient Deposits, which are reflected as a current liability, represent funds received from patients in advance of treatment cycles and are an indication of future revenues and expected to be recognized as income within twelve to eighteen months. These deposits totaled approximately $11.2 million and $10.6 million as of December 31, 2008 and 2007, respectively. These deposits are a significant source of cash flow and represent interest-free financing for us.

As of December 31, 2008, we did not have any significant contractual commitments for the acquisition of fixed assets or construction of leasehold improvements. However, we anticipate upcoming capital expenditures of approximately $5.7 million in 2009. These expenditures are primarily related to medical equipment, information system infrastructure and leasehold improvements.

We believe that our current working capital level, specifically cash and cash equivalents, is at adequate levels to fund our operations and our commitments for fixed asset acquisitions. We also believe that the cash flows from our operations plus our available credit facility will be sufficient to provide for our future liquidity needs over the next twelve months.

In August, 2007, as part of our acquisition of Vein Clinics of America, we secured a new $25 million 5-year term loan. Our previous term loan of $7.7 million was paid off in its entirety as part of this agreement. After deducting the previous loan amount, interest and fees, our net funding from Bank of America was $17.0 million. In order to mitigate the interest rate risk associated with this term loan, we also entered into an interest rate swap agreement on 50% of the principal amount. This swap transaction acts an effective hedge fixing the interest rate on half of our term loan at 5.39% plus the applicable margin for the life of the loan. Other features of this credit facility include a $10 million three-year revolving line of credit. As of December 31, 2008, there was a balance of $7.5 million outstanding under this revolving line of credit.

Each component of our amended credit facility bears 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 2.00% to 2.75% in the case of LIBOR-based loans. Prime-based loans are made at Bank of America's prime rate and do not contain an additional margin. Interest on the prime-based loans is

payable quarterly beginning November 8, 2007 and interest on LIBOR-based loans is payable on the last day of each applicable interest period. As of December 31, 2008, interest on the term loan was payable at a rate of approximately 2.71%. Unused amounts under the working capital revolver bear a commitment fee of 0.25% and are payable quarterly.

Availability of borrowings under the working capital revolver is based on eligible accounts receivable, as defined in the credit agreement. As of December 31, 2008 under the revolving line of credit the full amount of $10.0 million was available, of which $7.5 million was outstanding.

Our Bank of America credit facility is collateralized by substantially all of our assets. As of December 31, 2008, we were in full compliance with all applicable debt covenants. We also 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 December 31, 2008, and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

Payments Due by Period (000's omitted)

	Total	Less than 1 year	1 - 3 years	4 - 5 years
Notes Payable.................	$ 22,418	$3,768	$18,650	$ --
Line of Credit Outstanding......	7,500	7,500	--	--
Capital lease obligations.....	301	83	218	--
Interest on debt..............	2,972	1,067	1,905	
Operating leases..............	60,353	4,708	17,793	15,425
Fertility Partners capital and other obligations.........	5,747	5,747	--	--
Total contractual cash obligations..............	$99,291	$22,873	$38,566	$15,425

	Amount of Commitment Expiration Per Period			
	Total	Less than 1 year	1 - 3 years	4 - 5 years
Unused lines of credit........	$ 2,500	$ --	$2,500	$ --

======== ====== ====== ========

We also have commitments to provide working capital financing to member clinics in our Fertility Centers division. A significant portion of this commitment relates to our transactions with the medical practices themselves. Our responsibilities to the these medical practices are to provide financing for their accounts receivable and to hold patient deposits on their behalf as well as undistributed physician earnings. Disbursements to the medical practices generally occur monthly. The medical practice's repayment hierarchy consists of the following:

- o We provide a cash credit to the practice for billings to patients and insurance companies;
- o We reduce the cash credit for clinic expenses that we have incurred on behalf of the practice;
- o We reduce the cash credit for the base portion of our Service Fee which relates to the Partner revenues;
- o We reduce the cash credit for the variable portion of our Service Fee which relates to the Partner earnings;
- o We disburse to the medical practice the remaining cash amount which represents the physician's undistributed earnings.

We are also responsible for the collection of the Partner accounts receivables, which we finance with full recourse. We continuously fund these needs from our cash flow from operations, the collection of prior months' receivables and deposits from patients in advance of treatment. 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 also make payments on behalf of

the Partner 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. We have no other funding commitments to the Partner.

Recently Issued Accounting Pronouncements

Please see Note 3 of the consolidated financial statements for a discussion on recently issued accounting pronouncements.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business our interest income and expense items are sensitive to changes in the general level of interest rates. During the third quarter of 2007 we entered into a derivative transaction designed to hedge 50% of our $25,000,000 variable interest rate term loan maturing in 2012. As a result of this derivative transaction we have partially shielded ourselves from interest rate risks associated with that portion of this loan as the hedge instrument essentially converts that portion of the loan to a fixed rate instrument, currently at 5.3% plus the applicable margin. We are currently subject to interest rate risks associated with the remaining 50% of our term loan as well as our short term investments and certain advances to our fertility Partner clinics, all of which are tied to either short term interest rates, LIBOR or the prime rate. As of December 31, 2008, a one percent change in interest rates would impact our pre-tax income by approximately $100,000 annually.

ITEM 8. Financial Statements and Supplementary Data

See Index to Financial Statements on page F-1.

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

None.

ITEM 9A. Controls and Procedures Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are defined by the Securities and Exchange Commission as those controls and other procedures that are designed to ensure that information required to be disclosed in the Company's filings under the Securities Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. At the time that our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 was filed with the Securities and Exchange Commission on March 31, 2009 and again when Amendment No. 1 to our Annual Report on Form 10-K was filed on June 5, 2009, the Company's Chief Executive Officer and Chief Financial Officer evaluated the Company's disclosure controls and procedures and concluded that our disclosure controls and procedures were effective as of December 31, 2008. Based on the material weakness in our internal control over financial reporting described below, the Company's Chief Executive Officer and Chief Financial Officer have now determined that such disclosure controls and procedures were ineffective. In response to this material weakness, management performed additional analysis and other procedures to ensure that information required to be disclosed in this Amendment No. 2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 is properly disclosed.

Management's Annual Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

At the time that our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 was filed with the Securities and Exchange Commission on March 31, 2009 and again when Amendment No. 1 to our Annual Report on Form 10-K was filed on June 5, 2009, management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. In making these assessments, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control--Integrated Framework. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material mistatement of the annual or interim financial statements will not be prevented or detected. "Based on our assessments we had concluded that, as of December 31,2008, the Company's internal control over financial reporting was effective based on those criteria.

In connection with the restatement discussed in Note 2 to the condensed consolidated financial statements contained in this Amendment No. 2, our management reevaluated the effectiveness of our internal control over financial reporting as of December 31, 2008 and identified the following material weakness: there was a deficiency in the design of our internal controls related to accounting for our Attain IVF program. As a result, the Company's audited financial statements for the years ended December 31, 2006, 2007 and 2008 understated revenue recognized in connection with its Attain IVF program within its Consumer Services Division. As more fully explained in Note 2 to the condensed consolidated financial statements contained in this Amendment No. 2, revenues, contribution, income before tax, income tax provision and net income were misstated in the Company's audited financial statements for the years ended December 31, 2006, 2007 and 2008, as well as the interim periods within those financial statements, as a result of this deficiency.

The material weakness referred to above was identified in connection with the preparation of our Form 10-Q for the quarter ended September 30, 2009. Although we were required to restate the 2008 and prior financial statements based upon such error, as of the date of this report, we have remediated the material weakness referred to above, as the Company developed, programmed and tested a new database properly reflect the revenue to be recognized in our Attain IVF program and we have also instituted additional procedures.

The Company's independent registered certified public accounting firm, Amper, Politziner & Mattia LLP, has audited our internal control over financial reporting as of December 31, 2008 as stated in their report which appears on page F-2 of this Amendment No. 2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

Other than the changes referred to above, there were no changes made in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Such report also concluded that internal control over financial reporting was ineffective, as described below.

We had developed a model to recognize revenue for our Attain IVF non-refundable fees based upon a number of assumptions above the average enrollment fee, the average number of treatments, the value of those treatments, the sequence of the different types of treatment, the mix of patients and treatment types, etc. Our calculation omitted any adjustment for the revenue to be recognized for patient withdrawals prior to the completion of all six cycles, therefore, for patients who fit into this category, our model did not result in the recognition of the remaining deferred revenue at the time of withdrawal. This error represents a material weakness in that the model was not properly designed and our review procedures and controls did not detect the error.

ITEM 9B. Other Information

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Our Board of Directors has adopted a Code of Business Conduct that is applicable to all of our directors, officers and employees, a copy of which has previously been filed with the SEC. Any material changes made to our Code of Business Conduct or any waivers granted to any of our directors and executive officers will be publicly disclosed by filing a current report on Form 8-K. A copy of our Code of Business Conduct as well as charters for our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, which comply with the corporate governance rules of NASDAQ, are available on our website at www.integramed.com. In addition, copies of such documents are also available to our shareholders upon request by contacting our Investor Relations Department at 914-253-8000 or through an e-mail request from our website at www.integramed.com.

The other information required by this Item is incorporated by reference to the applicable information in the definitive proxy statement for our 2009 annual meeting of shareholders, which is to be filed with the SEC within 120 days after our fiscal year end, including the information set forth under the captions "Election of Directors for a Term of One Year", "Section 16 (a) Beneficial Ownership Reporting Compliance" and "Committees of the Board".

ITEM 11. Executive Compensation

The information required by this Item is incorporated by reference to the applicable information in the definitive proxy statement for our 2009 annual meeting of shareholders, which is to be filed with the SEC within 120 days after our fiscal year end, including the information set forth under the captions "Executive Compensation", "Director Compensation" and "Compensation Committee Interlocks and Insider Participation".

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

The information required by this Item is incorporated by reference to the applicable information in the definitive proxy statement for our 2009 annual meeting of shareholders, which is to be filed with the SEC within 120 days after our fiscal year end, including the information set forth under the caption "Security Ownership".

ITEM 13. Certain Relationships, Related Transactions and Director Independence

The information required by this Item is incorporated by reference to the applicable information in the definitive proxy statement for our 2009 annual meeting of shareholders, which is to be filed with the SEC within 120 days after our fiscal year end, including the information set forth under the caption "Certain Relationships and Related Transactions".

ITEM 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference to the applicable information in the definitive proxy statement for our 2009 annual meeting of shareholders, which is to be filed with the SEC within 120 days after our fiscal year end, including the information set forth under the caption "Independent Public Registered Accounting Firm".

PART IV

ITEM 15. Exhibits and Financial Statement Schedule

(a) (1) Financial Statements.

(2) The exhibits that are listed on the Index to Exhibits herein which are filed herewith as 10.9 (b); 10.26 (a); 10.27 (a); 10.29 (c); 10.35; 21; 31.1; 31.2; 32.1; and 32.2.

(b) Exhibits. The list of exhibits required to be filed with this Annual Report on Form 10-K/A is set forth in the Index to Exhibits herein.

FINANCIAL STATEMENTS

Item 8 and 15 (a)(1)

Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of

We have audited the accompanying consolidated balance sheets of IntegraMed America, Inc. as of December 31, 2008 and 2007 and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2008. We also have audited IntegraMed America, Inc.`s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). IntegraMed America, Inc.'s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying consolidated financial statements. Our responsibility is to express an opinion on these financial statements and an opinion on the company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. Management has identified and included in its assessment of internal controls over financial reporting the following material weakness as of December 31, 2008. The Company's systems did not properly recognize as revenue a portion of nonrefundable fees on patients who withdrew from the IVF Attain program. This material weakness resulted in restatement of the Company's previously issued financial statements for the years ended 2001 through 2008.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IntegraMed America, Inc. as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, management's assessment that IntegraMed America, Inc. did not maintain effective internal control over financial reporting as of

December 31, 2008 is fairly stated based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, as a result of the material weakness identified in the previous paragraph, IntegraMed America, Inc. has not maintained effective internal control over financial reporting as of December 31, 2008 based on criteria established in Internal Control-Integrated Framework issued by COSO.

As discussed in Note 2 and Note 3 to the consolidated financial statements, the Company restated its consolidated financial statements as of December 31, 2007 and 2006 as a result of a change in its revenue recognition policy for its Attain IVF Program, net of the related income tax effect.

As discussed in Note 15 to the consolidated financial statements, effective January 1, 2007, the Company adopted the provisions of Financial Interpretation (FIN) No. 48 "Accounting for Uncertainty in Income Taxes- an interpretation of Statement of Financial Accounting Standards No. 109."

/s/Amper, Politziner & Mattia, LLP
Edison, New Jersey
March 30, 2009

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PART I -- FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

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

	December 31, 2008 (restated)
ASSETS	
Current assets:	
Cash and cash equivalents	$ 28,275
Patient and other receivables, net	6,681
Deferred taxes	5,744
Other current assets	6,466
Total current assets	47,166
Fixed assets, net	16,618
Intangible assets, Business Service Rights, net	21,956
Goodwill	29,478
Trademarks	4,442
Other assets	1,781
Total assets	$ 121,441
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	$ 2,853
Accrued liabilities	17,818
Current portion of long-term notes payable and other obligations	11,351
Due to Fertility Medical Practices	6,354
Attain IVF deferred revenue and other Patient Deposits	11,237
Total current liabilities	49,613
Long-term notes payable and other obligations	18,868
Deferred and other tax liabilities	696
Total Liabilities	69,177
Commitments and Contingencies	

Shareholders' equity:	
Common Stock, $.01 par value - 15,000,000 shares authorized in 2008 and 2007, respectively, 8,668,376 and 8,572,258 shares issued and outstanding in 2008 and 2007, respectively	87
Capital in excess of par	54,943
Other comprehensive loss	(375)
Treasury stock, at cost - 22,682 and 14,175 shares in 2008 and 2007, respectively	(211)
Accumulated deficit	(2,180)
Total shareholders' equity	52,264
Total liabilities and shareholders' equity	$ 121,441

See accompanying notes to the consolidated financial statements.

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

	For the Year ended		
	2008	2007	2006
	(restated)	(restated)	(restated)
Revenues, net			
Fertility Centers	$ 138,440	$ 121,078	$ 112,767
Consumer Services	19,763	16,460	13,553
Vein Clinics	39,950	14,284	--
Total revenues	198,153	151,822	126,320
Costs of services and sales:			
Fertility Centers	128,224	111,059	104,357
Consumer Services	14,344	12,336	9,421
Vein Clinics	37,299	13,304	--
Total costs of services and sales	179,867	136,699	113,778
Contribution			
Fertility Centers	10,216	10,019	8,410
Consumer Services	5,419	4,124	4,132
Vein Clinics	2,651	980	--

Total contribution	18,286	15,123	12,542
General and administrative expenses	10,654	10,537	9,380
Interest income	(383)	(1,256)	(1,073)
Interest expense	1,563	1,136	695
Total other expenses	11,834	10,417	9,002
Income before income taxes	6,452	4,706	3,540
Income tax provision	2,537	1,662	1,291
Income tax benefit	--	--	(821)
Net income	$ 3,915	$ 3,044	$ 3,070
Basic and diluted net earnings per share:			
Basic earnings per share	$ 0.45	$ 0.37	$ 0.38
Diluted earnings per share	$ 0.45	$ 0.36	$ 0.37
Weighted average shares - basic	8,618	8,310	8,090
Weighted average shares - diluted	8,691	8,410	8,194

See accompanying notes to the consolidated financial statements.

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

	Common Stock		Capital in	Accumulated Comprehensive	Treasury St	
	Shares	Amount	Excess of Par	Income	Shares	A
BALANCE AT DECEMBER 31, 2005	8,008	80	49,364	--	133	(
Stock grants issued, net	85	1	58	--	--	
Stock grant compensation expense amortization	--	--	405	--	--	
Exercise of common stock options and related tax benefits	187	1	498	--	--	
Amortization of common stock option compensation expense	--	--	87	--	--	
Unrealized loss on hedging transaction	--	--	--	(9)	--	

Retirement of Treasury stock, net of shares issued upon exercise of options or issuance of stock grants	(153)	(1)	(1,167)	--	(133)	
Net income for the year ended 12/31/06	--	--	--	--	--	
BALANCE AT DECEMBER 31, 2006	8,127	81	49,245	(9)	--	
Stock grants issued, net	78	--	--	--	19	(
Stock grant compensation expense amortization	--	--	558	--	--	
Exercise of common stock options and related tax benefits	35	1	154	--	--	
Treasury stock transactions, net	(5)	--	(63)	--	(5)	
Issuance of common stock upon acquitisition of Vein Clinics of America, Inc.	337	4	3,996	--	--	
Unrealized loss on hedging transaction	--	--	--	(73)	--	
Net income for the year ended 12/31/07	--	--	--	--	--	
BALANCE AT DECEMBER 31, 2007	8,572	86	53,890	(82)	14	(
Stock grants issued, net	99	1	(1)	--	--	
Stock grant compensation expense amortization	--	--	858	--	--	
Exercise of common stock options and related tax benefits	11	1	360	--	2	
Treasury stock transactions, net	(14)	(1)	(164)	--	7	
Unrealized loss on hedging transaction	--	--	--	(293)	--	
Net income for the year ended 12/31/08	--	--	--	--	--	
BALANCE AT DECEMBER 31, 2008	8,668	$87	$54,943	($375)	23	($

See accompanying notes to the consolidated financial statements

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

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	2008	200
	(restated)	(resta
Cash flows from operating activities:		
Net income	$ 3,915	$ 3,0
Adjustments to reconcile net income to net cash provided operating activities:		
Depreciation and amortization	7,288	6,4
Deferred income tax provision	(1,068)	4
Deferred or stock-based compensation	858	5
Changes in assets and liabilities --		
Decrease (increase) in assets, net of assets acquired from VCA		
Patient and other accounts receivables	(1,170)	(3
Prepaids and other current assets	(643)	(1,0
Other assets	(162)	(1
(Decrease) increase in liabilities, net of liabilities acquired from VCA		
Accounts payable	958	(2
Accrued liabilities	(1,097)	2
Due to medical practices	(2,689)	4,7
Attain IVF deferred revenue and other patient deposits	677	2,2
Net cash provided by operating activities	6,867	15,9
Cash flows from investing activities:		
Purchase of business service rights	(950)	(2,6
Cash paid to purchase VCA, net of cash acquired	(119)	(25,4
Purchase of other intangibles	50	(
Purchase of fixed assets and leasehold improvements, net	(5,695)	(6,2
Net cash used in investing activities	(6,714)	(34,3
Cash flows from financing activities:		
Proceeds from issuance of debt	7,880	25,0
Debt repayments	(3,648)	(15,1
Common Stock transactions	150	
Net cash provided by (used in) financing activities	4,382	9,9
Net increase (decrease) in cash and cash equivalents	4,535	(8,4
Cash and cash equivalents at beginning of period	23,740	32,1
Cash and cash equivalents at end of period	28,275	23,7
Supplemental Information:		
Interest paid	1,632	1,0
Income taxes paid	1,526	1,1

See accompanying notes to the consolidated financial statements.

INTEGRAMED AMERICA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- THE COMPANY:

IntegraMed America, Inc. is a specialty healthcare services company offering products and services to patients and providers in the fertility and vein care segments of the health industry.

As of December 31, 2008, our fertility line of business encompassed two of our reporting segments and was comprised of 33 contracted fertility centers in major markets across the United States, with products and services designed to support fertility center growth, assist patients with treatment financing, an Attain IVF (formerly Shared Risk Refund) program and captive insurance offerings. We offer a comprehensive array of defined business services to 11 of these contracted fertility centers under our Partner program, and a more discrete menu of services to 22 other fertility centers under our Affiliate program. All 33 centers have access to our consumer services offerings which are comprised of our Attain IVF program and patient financing products.

In late 2008, our Consumer Services division re-launched its successful Shared Risk Refund program under the name "Attain IVF". This re-branding was done to reflect advantages offered by the program beyond its basic risk sharing features and to position the program in a leadership role among smaller, similar programs offered by other providers. We have also modified our revenue recognition model for this program as described in Note 2 and Note 3. All amounts presented for 2007 and 2006 have been restated to reflect this change in revenue recognition.

Our vein clinic division, which began operations in August, 2007, is currently comprised of 33 (32 as of December 31, 2008) vein clinics in major markets, which primarily provide advanced treatment for vein diseases. We offer a comprehensive array of defined business services to these clinics which are designed to support their operations and growth.

NOTE 2 -- RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS:

Restatement No. 2 - The Correction Of An Error

On October 28, 2009, the management of IntegraMed America, Inc. (the "Company") concluded and subsequently reported to the Audit Committee of the Company's Board of Directors (the "Audit Committee") that the Company's audited financial statements for the years ended December 31, 2006, 2007 and 2008 (collectively, the "Relevant Periods") should no longer be relied upon and will be restated due to an understatement in revenue recognized in connection with its Attain IVF Refund Program within its Consumer Services Division.

As previously reported on a Current Report on Form 8-K filed on March 31, 2009, the Company restated certain financial statements after determining that they could not be relied upon. Specifically, the Company restated its prior financial statements with respect to the timing of revenue and profit recognition of $3,477,000 of the revenue related to its Attain IVF Refund Program (formerly "Shared Risk Refund Program") within its Consumer Services Division for the years 2001 through 2008. That restatement did not impact the cash flows from operations of this program or the ultimate profits to be recognized, only the timing of the revenue and profit recognition.

Subsequent to the original restatement, the Company developed, programmed and tested a new patient management and revenue recognition system for the Attain IVF Refund Program. The new system recently reached sufficient operating proficiency to allow input of the patient information related to the Attain IVF Refund Program. As a result, the Company identified that the increase in the deferred revenue amount of $3,477,000, related to the years 2001 through 2008, that had been previously restated should have been only $822,000. The Company determined that while the previous system properly accounted for the recognition of the proportional fair value revenue related to the non-refundable portion of the patient fee (which was the subject of a comment and review process by the Staff of the Division of Corporation Finance of the Securities and Exchange Commission), it assumed all patients would either achieve pregnancy or utilize all services available to them under the program. It is a fact that most of the patients that seek a refund, do so prior to utilizing all services available under the program. As a result, our revenue recognition model failed to recognize as revenue the remaining deferred revenue portion of the non-refundable fee on that class of patients.

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INTEGRAMED AMERICA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The change in our Statement of Operations and Consolidated Balance Sheet for the twelve months ended December 31, 2008, 2007 and 2006 is presented below (000's, except per share amounts):

	Twelve Months Ending December 31,		
	2008	2007	2006
Revenue recognized from prior period	$ 750	$ 1,406	$ 1,908
Revenue deferred to future period	0	(750)	(1,406)
Net change in period revenue	$ 750	$ 656	$ 502
Revenue as reported	$ 197,403	$ 151,166	$ 125,818
Net change in reported revenue	750	656	502
Revenue as restated	$ 198,153	$ 151,822	$ 126,320
Income before income taxes as reported	$ 5,715	$ 4,062	$ 3,047
Net change in reported revenue	750	656	502
Net change in reserve for medical costs	(13)	(12)	(9)
Income before income taxes as restated	$ 6,452	$ 4,706	$ 3,540

Income tax provision as reported	$ 2,227	$ 1,391	$ 263
Net change in income taxes from above adjustments	310	271	207
Income tax provision as restated	$ 2,537	$ 1,662	$ 470
Net Income as reported	$ 3,488	$ 2,671	$ 2,784
Summary of above adjustments	427	373	286
Net income as restated	$ 3,915	$ 3,044	$ 3,070
Diluted earnings per share as reported	$ 0.40	$ 0.32	$ 0.34
Change in earnings per share from above adjustments ...	$ 0.05	$ 0.04	$ 0.03
Diluted earnings per share as restated	$ 0.45	$ 0.36	$ 0.37
Current liabilities as reported	$ 51,126	$ 44,005	$ 27,856
Cumulative effect of restatement on current liabilities	(1,513)	(1,086)	(712)
Current liabilities as restated	$ 49,613	$ 42,919	$ 27,144
Shareholders Equity as reported	$ 50,753	$ 46,549	$ 39,466
Cumulative effect of restatement on Shareholders Equity	1,511	1,085	712
Shareholders Equity as restated	$ 52,264	$ 47,634	$ 40,178

There was no change to cash flow as a result of this restatement.

For a complete description of our revenue recognition policy please refer to Note 3 - "Summary of Significant Accounting Policies".

Restatement No. 1 - Change in Revenue Recognition Policy for the Attain IVF Program

The accompanying 2007 and 2006 consolidated financial statements have been restated to reflect a change in the revenue recognition policy for our Attain IVF program. The 2008 data is restated as to the interim period and the full year of 2008 is shown as a comparison of the the previous and new revenue recognition methods. Our previous revenue recognition policy had generally recognized the non-refundable patient fees (generally 30% of the contract amount) as revenue upon the completion of the first treatment cycle and we now recognize the non-refundable fees based on the relationship of the relative fair value of each treatment to the total fair value of the treatment package available to each patient. We also recognize a "warranty reserve" representing the estimated cost of services to be provided in the event a qualified patient miscarries. This restatement does not impact the cash flows from the operations of this program or the ultimate profits to be recognized, only the timing of the revenue recognition for a portion of the fees that we collect from our customers.

The cumulative effect of this change in policy as of December 31, 2008, is to defer approximately $3.5 million of revenue into 2009 which would have been recognized in 2008. Similarly we recognized a substantial amount of revenue in 2008 which had been deferred from 2007. The change in revenue on our financial statements for the years ended December 31, 2008, 2007 and 2006 is illustrated below (000's):

	Cumulative impact of both restatements For the twelve months ended December 31,		
	2008	2007	2006
Revenue recognized from prior year	750	1,406	1,908
Revenue deferred to future year ..	--	(750)	(1,406)
Net change in annual revenue	750	656	502

Our new revenue recognition policy, as more fully described in Note 3 - "Summary of Significant Accounting Policies", changes the timing of the revenue recognition for the non-refundable fees, and aligns it more closely to the underlying treatment cycles delivered to the patient.

The change in the timing related to revenue recognition had the following effects:

	2008	2007	2006
Revenue as reported	$ 197,403	$ 151,166	$ 125,818
Net Change in reported revenue	750	656	502
Revenue as restated	$ 198,153	$ 151,822	$ 126,320
Income before income taxes as reported	$ 5,715	$ 4,062	$ 3,047
Net change in reported revenue	750	656	502
Net change in reserve for medical costs	(13)	(11)	(9)
Income before income taxes as restated	$ 6,452	$ 4,707	$ 3,540
Income tax provision as reported	$ 2,227	$ 1,391	$ 263
Net change in income taxes from above adjustments .	310	271	207
Income tax provision as restated	$ 2,537	$ 1,662	$ 470
Net income as reported	$ 3,488	$ 2,671	$ 2,784
Summary of above adjustments	427	373	286

Net income as restated	$ 3,915	$ 3,044	$ 3,070
Diluted earnings per share as reported	$ 0.40	$ 0.32	$ 0.34
Change in earnings per share from above adjustments	0.05	0.04	0.03
Diluted earnings per share as restated	$ 0.45	$ 0.36	$ 0.37

Current liabilities as reported	$ 51,126	$ 44,005	$ 27,856
Cumulative effect of restatement on liabilities	(1,513)	(1,086)	(712)
Current liabilities as restated	$ 49,613	$ 42,919	$ 27,144
Shareholders' Equity as reported	$ 50,753	$ 46,549	$ 39,466
Cumulative effect of restatement on Shareholders' Equity	1,511	1,085	712
Shareholders' Equity as restated	$ 52,264	$ 47,634	$ 40,178

NOTE 3 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of consolidation --

The consolidated financial statements comprise the accounts of IntegraMed America, Inc. and its wholly owned subsidiaries. With the acquisition of Vein Clinics of America (VCA) in the third quarter of 2007, we reorganized our service offerings into three major product lines, Fertility Centers, Consumer Services and Vein Clinics. In our Fertility Centers Segment, we derive our revenues from business service contracts with independent fertility centers. Our Consumer Services Segment derives its revenues from fees assessed to patients enrolling in our Attain IVF Program, fees assessed to affiliated fertility clinics, and fees derived from fertility patient financing products. Our Vein Clinics Segment derives revenues from billings to patients and third party payers for treatment services rendered based upon the amount billed to the patient or their payer less any expected contractual allowances resulting from specified rates contained within payer contracts.

We evaluate whether we should report the results of the clinical operations in which we have management service contracts in accordance with FASB Interpretation No. 46 (FIN 46R) "Consolidation of Variable Interest Entities" ("VIE's"). Since we do not have a controlling financial interest in any of the fertility medical practices to which we provide services, and we are not the primary beneficiary or obligor of their financial results (our contracts provide for the physician owners of the clinics to receive any excess or deficit of profits) we do not consolidate their results. This is further supported by the facts that the physician owners of the clinics have the voting rights with respect to the entity and sufficient equity interests to fund their entity. We do have effective voting control and a controlling financial interest in the operations of each of the vein clinics, where we are the primary beneficiary and obligor of their financial results (our contracts provide for us to receive any excess or deficit of profits) and therefore consolidate the results of those clinic operations. Accordingly, we report the revenue for patient services only from the vein clinic segment and those fertility patients who enroll in the Attain IVF Program (included in our consumer services segment).

Reclassifications-

With the addition of VCA, we have realigned the way we operate our business into three segments. As a result, we have reclassified certain costs for all years presented within the three divisions to reflect this change in our operating structure and to provide a clearer view of each division's operating performance and efficiency. The result of this change is to reduce overall contribution margins and unallocated General and Administrative costs, as reported in previous periods.

Stock split effected in the form of a stock dividend --

In May 2007 and June 2006, we effected a 25% stock split in the form of a stock dividend. Where applicable, we have restated our capital accounts, shares outstanding, weighted average shares and earnings per share calculations for all years in these financial statements and related footnotes to reflect these transactions.

Revenue Recognition --

Fertility Centers - Partner service fees

Under all of our fertility Partner agreements, we receive as compensation for our services a three-part fee comprised of: (i) a tiered percentage of the fertility centers net revenues, (ii) reimbursed costs of services (costs incurred in servicing a fertility center and any costs paid on behalf of the fertility center) and (iii) either a fixed percentage ranging from 10% to 20%, or a fixed dollar amount (limited to $1,071,000 and $1,865,000 for the year ended December 31, 2008 at our two largest fertility centers) of the fertility centers earnings after services fees, which may be subject to further limits. All revenues from Partner contracts are recorded in the period services are rendered. Direct costs incurred by us in performing our services and costs incurred on behalf of the medical practices are reported as costs of services. Revenue and costs are recognized in the same period in which the related services have been performed.

Consumer Services - Affiliate Service Fee

Under our Affiliate agreements, we receive as compensation for our services a fixed fee dependent upon the level of service provided. All revenues and costs from Affiliate contracts are recorded in the period services are rendered.

Consumer Services - Attain IVF Program

The Attain IVF program consists of a fertility treatment package that includes a fixed number of treatment cycles for one fixed price with a significant refund if treatment is unsuccessful. We receive payment directly from consumers who qualify for the program and the patient contracts with us to provide the medical treatment. We discharge the obligation of patient treatment by arranging with affiliated fertility clinics for the provision of patient care. We pay contracted fertility centers a defined reimbursement for each treatment cycle performed. Since the Company is the primary obligor in the arrangement, has latitude in establishing the price, performs a portion of the contracted service, has discretion in supplier selection, the amount earned by the Company per transaction is not fixed and the patient looks to the Company as the contracting party, these arrangements qualify for gross accounting under EITF 99-19. We have revised our revenue recognition policy and have restated all periods presented to reflect the revised revenue recognition policy described below.

By contract, a portion of the enrollment fee (generally 30%) is non-refundable and is recognized as revenue based on the relative fair value of each treatment cycle completed relative to the total fair value of the contracted treatment package available to the patient, following the guidance of Emerging Issues Task Force statement 00-21. The remaining revenue, which consists of the 70% refundable portion as well as any part of the 30% non-refundable portion not yet recognized as revenue, is recorded upon the patient becoming pregnant and achieving a fetal heartbeat (most of the patients that are pregnant at this point go on to deliver a baby). We are able to record income at the time of pregnancy as we have substantially completed our obligation to the patient, discharged the patient from the care of the fertility specialists, and we can accurately estimate the amount of expenses and refunds that will become due if there is a pregnancy loss. We are able to make these estimates for pregnancy loss based upon reliable Company specific data with respect to the large homogeneous population we have served for more than seven years. Expenses prior to pregnancy related to the program and principally paid to the affiliated fertility clinic are recorded as incurred.

Accordingly, at each balance sheet date, we have established a liability for patients in the Attain IVF program for the following:

1. Deposits for customers who have not yet begun treatment and for whom no revenue has been recognized (we expect such amounts to be recognized as income or refunded within twelve to eighteen months)

2. Refund reserve for those patients who became pregnant, but may not deliver a baby (See Note 11)

3. Medical costs associated with additional treatments to a patient who became pregnant, did not deliver a baby and still has additional treatments available under their treatment package. (See Note 11)

The table below presents the balances of each of these liabilities as of the respective dates (000's):

	December 31, 2008	December 31, 2007
Deposits or refundable fees	$9,981	$9,349
Refund reserve for pregnant patients	397	326
Medical cost reserve	331	272

Due to the characteristics of the program, we assume the risk for a patient's treatment cost in excess of their enrollment fee should initial treatment cycles be unsuccessful. In order to moderate and manage this risk, we have developed a sophisticated statistical model and case management program in which Attain IVF patients are medically pre-approved prior to enrollment in the program. We also continuously review their clinical criteria as they undergo treatment. If, while undergoing treatment, a patient's clinical response falls outside our criteria for participation in the Attain IVF program, we have the right to remove that individual from the program, with an applicable refund to the patient. To date, our case management process has been effective in managing the risks associated with our Attain IVF program within expected limits. A patient may withdraw from the program at anytime and will be issued a refund.

The Attain IVF Program is available to the self-pay patient. Approximately 12.9%, 11.6% and 9.6% of the self-pay patients served by our network chose to enroll in the Attain IVF Program in 2008, 2007 and 2006, respectively.

Consumer Services - Pharmaceutical Sales

Marketing fees associated with third-party pharmaceutical sales are recorded upon shipment to customers. Our revenues for the periods presented are comprised of these marketing fees and not from the sales of actual pharmaceuticals.

Consumer Services - Patient Financing

A fertility treatment cycle can be an expensive process for which many patients do not have full medical insurance coverage. As a service to these patients, we can arrange financing to qualified patients of our network at rates significantly lower than credit cards and other finance companies. Our financing operations are administered by a third-party vendor and loans are made to qualified patients by an independent bank or finance organization. We are not at risk for loan losses and receive a placement fee from the lender involved. Since many financing transactions are closely associated with our Attain IVF program, financing revenues, which we receive and record at the time the loans are closed, are reported as part of that program.

Vein Clinics - Patient Revenues and Accounts Receivable and Allowance for Uncollectible Accounts

Our relationship with the individual medical practices comprising our vein care division meets the test for consolidation under FIN 46R "Consolidation of Variable Interest Entities". Among these tests is the fact that we hold a controlling financial interest in the medical practices, we are the primary beneficiary of the results of the practices and we are obligated to absorb any losses of the practices. As a result of these relationships, we consolidate the medical practice's patient revenues in our financial statements. These revenues are derived from the treatment of individual patients and revenue is recognized when the services are performed, net of estimated contractual allowances.

The medical practices have agreements with third-party payers that provide for payments at amounts different from established rates. Payment arrangements include prospectively determined rates for reimbursed cost and discounted charges. Revenue is reported at the estimated net realizable amounts from patients and third-party payers.

A summary of the payment arrangements with major third-party payers follows:

- Medicare: All outpatient services related to Medicare beneficiaries are paid based on a fixed physician fee schedule per service which is updated annually.

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- Other: Estimates for contractual allowances under managed care health plans are based primarily on the payment terms of contractual arrangements, such as predetermined rates per diagnosis, per diem rates or discounted fee for service rates.

Approximately 17%, of gross patient revenues of the Vein Clinics Division for the year ended December 31, 2008, related to services rendered to patients covered by the Medicare program.

Laws and regulations governing the Medicare program are complex and subject to interpretation. Management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation.

Our accounts receivable are primarily comprised of patient and third-party receivables arising from services provided by our vein care division. Receivables due from third-party payers are carried at an estimated collectible value determined by the original charge for the service provided, less an estimate for contractual allowances or discounts provided to the third-party payers. Receivables due directly from patients are carried at the original charge for the service provided less an estimated allowance for uncollectible amounts. Contractual allowance and uncollectible reserve amounts are determined based on historical collection performance data and are reviewed and adjusted monthly as necessary.

Vein Clinics - Deferred Compensation Arrangements

The Professional Corporations providing medical services at the clinics have entered into employment agreements with physicians at clinic sites providing for multi-year bonus compensation to be accumulated over a physician's first five years of employment. Accumulated balances are paid out during the years following this period, or after specific performance targets have been met. These obligations are funded in physician designated investment accounts on a quarterly basis. At December 31, 2008, these balances totaled approximately $938,000.

Intangible and Long-Lived Assets -

Our intangible assets are comprised of Business Service Rights associated with our fertility Partner contracts, Goodwill associated with our acquisition of Vein Clinics of America, Inc., and Trademarks, also principally associated with our Vein Clinic acquisition.

Business service rights represent payments we made for the right to service certain fertility centers. We amortize our non-refundable Business Service Rights on a straight-line basis over the life of the underlying contract, usually ten to twenty five years. Our refundable Business Service Rights are not amortized as they are contractually reimbursable from the medical practice upon termination of the underlying contract. Our Goodwill and Trademark assets associated with the Vein Clinics of America, Inc. acquisition are deemed to have indefinite lives and are therefore not amortized.

We test all of our intangible and long-lived assets for impairment on a regular basis in accordance with FAS 144 "Accounting for the Impairment or Disposal of Long-Lived Assets". If we record an impairment loss, it may have a material adverse effect on our results of operations for the year in which the impairment is recorded. As of December 31, 2008, none of our long lived assets were deemed to be impaired.

Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The use of estimates and assumptions in the preparation of the accompanying consolidated financial statements is primarily related to the determination of net accounts receivable and reserves for estimated refunds due to pregnancy losses in our Attain IVF Program.

Due to Medical Practices --

Due to Medical Practices represents the net amounts owed by us by contracted medical practices in our Partner Program. This balance is comprised of amounts due to us by the medical practices for funds which we advanced for use in financing their accounts receivable, less balances owed to the medical practices by us for undistributed physician earnings and patient deposits we hold on behalf of the medical practices.

Cash and cash equivalents --

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

Concentrations of credit risk --

Financial instruments, which potentially expose us to concentrations of credit risk, consist primarily of trade receivables from patients and third-party payers which totaled approximately $13.2 million and $12.2 million as of December 31, 2008 and 2007 respectively. Our related reserves for uncollectible accounts and contractual allowances totaled $6.5 million and $6.7 million as of December 31, 2008 and 2007 respectively.

Income taxes --

We account for income taxes utilizing the asset and liability approach in accordance with Financial Accounting Standards No. 109, "Accounting For Income Taxes" (FAS 109). Deferred tax assets and liabilities are recognized on differences between the book and tax basis of assets and liabilities using presently enacted tax rates. The income tax provision is the sum of the amount of income tax paid or payable for the year as determined by applying the provisions of enacted tax laws to the taxable income for that year and the net change during the year in our deferred tax assets and liabilities. (See Note 16).

Earnings per share --

We determine earnings per share in accordance with Financial Accounting Standards No. 128) "Earnings Per Share" (FAS 128) Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is calculated by dividing net income by the weighted average number of common shares, and potential common shares, outstanding during the reporting period. (See Note 17)

Fair value of financial instruments --

The fair value of a financial instrument, such as a notes payable, represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Significant differences can arise between the fair value and carrying amounts of financial instruments that are recorded at historical cost amounts. We believe that the carrying amounts of cash and cash equivalents, our accounts receivable and accounts payable approximate fair value due to their short-term nature.

As of December 31, 2008 and 2007, the carrying amount of our long-term liabilities approximates the fair value of such instruments based upon our best estimate of interest rates that would be available to us for similar debt obligations with similar maturities.

New accounting pronouncements --

Recently Issued Accounting Pronouncements

FAS 157-3: In October 2008, The FASB issued FASB Staff Position (FSP) FAS 157-3, Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active. The FSP clarifies the application of FASB Statement No. 157, Fair Value Measurements, in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. The FSP

is effective for prior periods for which financial statements have not been issued. We currently believe that FAS 157-3 will not have a material impact on our consolidated financial statements.

FAS 142-3: In April 2008, the FASB issued FASB Staff Position (FSP) FAS 142-3, Determination of the Useful Life of Intangible Assets. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, Goodwill and Other Intangible Assets. The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under Statement 142 and the period of expected cash flows used to measure the fair value of the asset under FASB Statement No. 141R, and other U.S. generally accepted accounting principles. This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. We currently believe that FAS 142-3 will have no material impact on our consolidated financial statements.

FAS 161: In March 2008, the FASB issued Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities--an amendment of FASB Statement No. 133 ("SFAS No. 161"). SFAS No. 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FASB Statement No. 133 and its related interpretations, and (c) how derivative instruments and related hedge items affect an entity's financial position, financial performance, and cash flows. This statement is effective for fiscal years after November 15, 2008. We currently believe that SFAS No. 161 will have no material impact on our consolidated financial statements.

FAS 160: In December 2007, the FASB issued Statement No. 160, Non-controlling Interests in Consolidated Financial Statements -- an amendment of ARB No. 51 ("SFAS No. 160"). SFAS No. 160 requires a company to clearly identify and present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section but separate from the company's equity. It also requires the amount of consolidated net income attributable to the parent and to the non-controlling interest be clearly identified and presented on the face of the consolidated statement of income; changes in ownership interest be accounted for similarly, as equity transactions; and when a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary be measured at fair value. This statement is effective for fiscal years after December 15, 2008. We currently believe that SFAS No. 160 will have no material impact on our consolidated financial statements.

FAS 141R: In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement No. 141 (Revised 2007), Business Combinations ("SFAS No. 141R"). The objective of SFAS No. 141R is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, SFAS No. 141R establishes principles and requirements for how the acquirer:

a. Recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree

b. Recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase

c. Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

This statement is effective for fiscal years beginning on or after December 15, 2008. We currently believe that SFAS No. 141R will not have a material impact on our consolidated financial statements.

FAS 157: In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". This statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007 and became effective for us on January 1, 2008.

Fair value is defined as the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. The FASB establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation as of the measurement date and expands disclosures about financial instruments measured at fair value. Assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels defined by SFAS 157 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities are as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date. The types of assets and liabilities carried at this level are equities listed in active markets, investments in publicly traded mutual funds with quoted market prices and listed derivatives.

Level 2: Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data of the instrument's anticipated life. Fair value assets and liabilities that are generally included in this category are municipal bonds and certain derivatives.

Level 3: Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Consideration is given to the risk inherent in the valuation method and the risk inherent in the inputs to the model. Generally, assets and liabilities carried at fair value and included in this category are certain derivatives.

The adoption of this statement did not have a material impact on our consolidated financial statements.

NOTE 4 -- SIGNIFICANT SERVICE CONTRACTS:

For the years ended December 31, 2008, 2007, and 2006, the following contracted fertility centers each individually provided greater than 10% of our revenues, net and/or contribution as follows:

	Percent of Company Revenues, net			Percent of Contribution		
	2008	2007	2006	2008	2007	2
R.S.C. of New England..........	7.2	8.9	10.7	8.7	10.5	1
Fertility Centers of Illinois..	16.3	19.2	22.3	15.2	17.6	1
Shady Grove Fertility Center...	18.0	21.3	22.9	17.2	21.4	2

Under all of our fertility Partner agreements, we receive as compensation for our services a three-part fee comprised of: (i) a tiered percentage of the fertility centers net revenues, (ii) reimbursed costs of services (costs incurred in servicing a fertility center and any costs paid on behalf of the fertility center) and (iii) a either a fixed percentage, or a fixed dollar amount of the fertility centers earnings after services fees, which may be subject to further limits.

The third tier of our fee structure with these significant contracts contains provisions as follows:

- o R.S.C. of New England - a fixed annual percentage of the center's earnings.
- o Fertility Centers of Illinois - a fixed percentage of the center's earnings subject to a fixed dollar amount as an upper boundary ($1,865,000) and a fixed dollar amount as a lower boundary ($932,000) subject to a fixed percentage of the center's earnings limitation.
- o Shady Grove Fertility Center - a fixed dollar amount of the center's earnings subject to a fixed percentage of the center's earnings limitation ($1,071,000 is the upper boundary and $540,000 is the lower boundary of this calculation).

NOTE 5 -- SEGMENT INFORMATION:

We follow the requirements contained in Statement of Financial Accounting Standards (SFAS) No.131, "Disclosures about Segments of an Enterprise and Related Information", with respect to identifying and reporting business segments. This statement requires that segment reporting reflect our organizational structure, major revenue sources, lines of responsibility and senior management's perspective of an organization. With the acquisition of Vein Clinics of America (VCA) during the third quarter of 2007, we reorganized our service offerings into three major product lines: Fertility Centers, Consumer Services and Vein Clinics. Each of the operating segments includes an element of overhead specifically associated with it. Such overhead costs were previously reported as General and Administrative costs, and have been reclassified in all periods presented to better reflect the operating results of our business segments.

Performance by segment, for the three years ended December 31 2008, 2007 (restated) and 2006 (restated) are presented below (000's omitted):

	Fertility Centers	Consumer Services	Vein Clinics(1)	Corp G&A	Con
For the Year ended December 31, 2008					
Revenues	$ 138,440	$ 19,763	$ 39,950	$ --	$
Cost of Services	128,224	14,344	37,299	--	
Contribution	10,216	5,419	2,651	--	
Operating Margin	7.4%	27.4%	6.6%	--	
General and administrative	0	0	0	10,654	
Interest (income) expense, net	(181)	0	8	1,353	
Income (loss) before income taxes .	$ 10,397	$ 5,419	$ 2,643	$ (12,007)	$
Depreciation expense included above	$ 4,327	$ 3	$ 761	$ 898	$
Capital expenditures, net	$ 4,053	$ --	$ 1,057	$ 585	$
Total assets	$ 36,885	$ 331	$ 46,750	$ 37,475	$

For the Year ended December 31, 2007					
Revenues	$ 121,078	$ 16,460	$ 14,284	$ --	$
Cost of Services	111,059	12,336	13,304	--	
Contribution	10,019	4,124	980	--	
Operating Margin	8.3%	25.1%	6.9%	--	
General and administrative	--	--	--	10,536	
Interest (income) expense, net	(203)	--	2	81	
Income (loss) before income taxes	$ 10,222	$ 4,124	$ 978	$ (10,618)	$
Depreciation expense included above	$ 4,003	$ 3	$ 255	$ 846	$
Capital expenditures, net	$ 4,654	$ --	$ 906	$ 662	$
Total assets	$ 42,586	$ 888	$ 44,786	$ 25,911	$
For the Year ended December 31, 2006					
Revenues	$ 112,767	$ 13,553	$ --	$ --	$
Cost of Services	104,357	9,421	--	--	
Contribution	8,410	4,132	--	--	
Operating Margin	7.5%	30.5%	--	--	
General and administrative	--	--	--	9,380	
Interest (income) expense, net	(279)	--	--	(99)	
Income (loss) before income taxes	$ 8,689	$ 4,132	$ --	$ (9,281)	$
Depreciation expense included above	$ 3,594	$ 2	$ --	$ 614	$
Capital expenditures, net	$ 2,158	$ --	$ --	$ 1,075	$
Total assets	$ 41,458	$ 995	$ --	$ 33,870	$

(1) Acquired August 8, 2007.

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NOTE 6 - CASH AND CASH EQUIVALENTS:

Cash and short term investments consist of cash and short term marketable securities. To the extent that cash balances exceed short term operating needs, excess cash is invested in short term interest bearing instruments. It is our policy to restrict our investments to high-quality securities with fixed maturity dates and principle amounts. The composition of our cash and short term investments is as follows (000's omitted):

	December 31,	
	2008	2007
Cash	$26,807	$22,156
Money market funds	58	118
Certificates of deposit	1,400	1,400
Accrued interest income	10	66
Total cash and cash equivalents	$28,275	$23,740

NOTE 7 - PATIENT AND OTHER RECEIVABLES, NET:

Patient and other receivables are principally comprised of gross patient and insurance receivables from our Vein Clinics segment which represent outstanding balances due for patient treatments less estimated allowances for insurance contractual agreements and uncollectible balances. Insurance contractual allowances are calculated based on recent allowance trends stratified by major payer category and uncollectible reserves are based on both historical trends and specific identification of specific accounts. For the periods ended December 31, 2008 and 2007, we believe that our receivable reserves were adequate to provide for any contractual or collection issues.

The composition of our patient and other receivables is as follows (000's omitted):

	December 31,	
	2008	2007
Vein Clinic patient and insurance receivables	$ 12,865	$ 11,966
Reserve for insurance contractual allowance .	(3,866)	(3,339)
Reserve for uncollectible accounts	(2,648)	(3,386)
Subtotal Vein Clinic receivables, net ..	6,351	5,241
Other receivables	330	270
Total Patient and other receivables, net ..	$ 6,681	$ 5,511

NOTE 8 -- FIXED ASSETS, NET:

Fixed assets, net at December 31, 2008 and 2007 consisted of the following (000's omitted):

	2008	2007
Furniture, office and computer equipment	$ 18,311	$ 17,158
Medical equipment	7,396	6,259
Leasehold improvements	21,059	19,091
Construction in progress	63	148
Assets under capital leases	427	427
Total	47,256	43,083
Less -- Accumulated depreciation and amortization	(30,638)	(26,171)
	$ 16,618	$ 16,912

Our fixed assets are depreciated on a straight line basis. We generally assign useful lives of five years to assets classified as furniture, fixtures, office and medical equipment. Assets classified as computer hardware and software are generally assigned a three year useful life and leasehold improvements are depreciated over the lesser of their useful life, or the term of the lease.

Depreciation expense on fixed assets for the years ended December 31, 2008 and 2007 was $5,989,000, and $5,107,000, respectively. Assets under capital lease are comprised of various medical equipment. Accumulated amortization related specifically to capital leases at December 31, 2008 and 2007 was $126,000 and $59,000, respectively.

NOTE 9 -- BUSINESS SERVICE RIGHTS, NET:

Business Service Rights, net at December 31, 2008 and 2007 consisted of the following (000's omitted):

	2008	2007
Business Service rights, net.........	$34,205	$33,255
Less accumulated amortization........	(12,249)	(10,950)
Total...........................	$21,956	$22,305

Business Service Rights are negotiated one-time payments we generally make to physician practices joining our fertility Partner program. These payments are made to secure the right to provide business services to the practices for contracted terms generally ranging from ten to twenty five years. Depending upon the negotiated terms, these payments may be refundable at the termination of the contract or non-refundable. We amortize our non-refundable Business Service Rights over the life of the applicable contract. Refundable Business Service Rights, which totaled approximately $6.1 million as of December 31, 2008, are not amortized because these amounts will be repaid to us upon termination of the contract.

For the twelve months ended December 31, 2008 and 2007, amortization expense related to our Business Service Rights totaled approximately $1.3 million and $1.3 million, respectively.

Amortization expense of our Business Service Rights in future years are as follows (000's omitted):

2009...	$1,300
2010...	1,300
2011...	1,300
2012...	1,300
2013...	1,300
Thereafter....................................	9,356
Total payments................................	$15,856

We test our Business Service Rights for impairment on a regular basis in accordance with FAS 144 "Accounting for the Impairment and Disposal of Long-Lived Assets". To date, no impairment charges have been recognized.

NOTE 10 - GOODWILL:

On August 8, 2007, IntegraMed acquired 100 percent of the outstanding common shares of Vein Clinics of America, Inc. (VCA). With this acquisition IntegraMed became the country's leading provider of services to the vein disease segment in the health care market. At the date of acquisition, Vein Clinics operated 27 clinics in 11 states. This acquisition also provided the opportunity for operational efficiencies in the form of cost reductions through economies of scale and resource sharing for both organizations. Purchase accounting principles in accordance with FAS 141- "Business Combinations" were applied and accordingly, only the results of VCA operations subsequent to its acquisition are included in the accompanying financial statements.

The goodwill of $29.5 million arising from this acquisition consists largely of the market potential expected from the operations and enhanced resources of VCA. All of this goodwill was assigned to VCA's vein care operations, with none of the goodwill expected to be deductible for income tax purposes.

The following pro forma data reflects the consolidated revenue and earnings of IntegraMed America, Inc, and Subsidiaries had the VCA acquisition date been January 1, 2006 (000's omitted):

	Revenue	Net Income
Supplemental pro forma for 01/01/2007 to 12/31/2007	$171,925	$3,464
Supplemental pro forma for 01/01/2006 to 12/31/2006	$154,801	$3,556

We test our goodwill for impairment in accordance with the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets." This test consists of a two-step process. The first step is to identify potential impairment by comparing the fair value of the underlying asset with its carrying amount. If the fair value, which is based on future cash flows, exceeds the carrying amount, the intangible asset is not considered impaired. If the carrying amount exceeds the fair value, the second step must be performed to measure the amount of the impairment loss, if any. The second step compares the implied fair value of the intangible with the carrying amount of that intangible. If the implied fair value is less than the carrying amount, an impairment loss would be recognized in an amount equal to the excess of the carrying amount of the intangible over its implied fair value. To date we have not recorded any impairment losses.

NOTE 11 -- TRADEMARKS:

Trademarks and other intangibles, net at December 31, 2008 and 2007 consisted of the following trademark items (000's omitted)

	2008	2007
IntegraMed America, Inc...............	$42	$92
Vein Clinics of America, Inc..........	4,400	4,400
Total............................	$4,442	$4,492

We do not amortize our trademarks as they have an indefinite useful life. We do test our trademarks for impairment on a regular basis in accordance with FAS 144 "Accounting for the Impairment and Disposal of Long-Lived Assets". To date, no impairment charges have been recognized.

NOTE 12 -- ACCRUED LIABILITIES:

Accrued liabilities at December 31, 2008 and 2007 (restated) consisted of the following (000's omitted):

	2008	2007
Accrued payroll	$ 1,665	$ 4,286
Accrued employee incentives and benefits	3,072	3,062
Accrued vacation	151	300
Accrued physician incentives (VCA)	2,754	2,542
New physician recruitment	113	103
Accrued costs on behalf of medical practices	1,894	1,884
Accrued rent	1,166	892
Accrued professional fees	250	390
Accrued insurance	1,246	196
Reserves for estimated Attain IVF patient refunds	397	326
Reserve for Attain IVF post-pregnancy expenses	331	272
Accrued federal and state taxes	2,899	1,006
Other accrued taxes	300	350
Other (1)	1,580	2,151
Total accrued liabilities	$17,818	$17,760

(1) Individually represents less than 5% of total accrued liabilities.

NOTE 13 - DUE TO FERTILITY MEDICAL PRACTICES:

Due to Medical Practices is comprised of the net amounts owed by us to fertility medical practices contracted as Partners. This balance is comprised of amounts due to us by the medical practices for funds which we advanced for use in financing their accounts receivable, less balances owed to the medical practices by us for undistributed physician earnings and patient deposits we hold on behalf of the medical practices.

While we are responsible for the management and collection of the Partner's accounts receivable, as part of the business services we provide, the credit and collection risk for these receivables remains with the medical practice. We finance the receivables with full recourse. Amounts financed relating to uncollectible accounts are recovered from the medical practice in the month uncollectible reserves are established or accounts are written-off.

As of December 31, 2008 and December 31, 2007, Due to Medical Practices was comprised of the following balances (000's omitted):

	2008	2007
Advances to Partners for receivable financing	$(17,121)	$(15,585)
Undistributed Physician Earnings	3,205	6,338
Physician practice patient Deposits	20,270	18,290
Due to Medical Practices, net	$ 6,354	$ 9,043

Our responsibilities to the these medical practices are to provide financing for their accounts receivable and to hold patient deposits on their behalf as well as undistributed physician earnings.

We are also responsible for the collection of the Partner accounts receivables, which we finance with full recourse. We have no other funding commitments to the Partner.

NOTE 14 -- NOTES PAYABLE AND OTHER OBLIGATIONS:

Notes payable and other obligations at December 31, 2008 and 2007 consisted of the following (000's omitted):

	2008	2007
Note payable to bank	$ 29,309	$ 25,000
Derivative Fair valuation adjustment	609	82
Obligations under capital lease	301	378
Total notes payable and other obligations ...	$ 30,219	$ 25,460
Less -- Current portion	(11,351)	(3,661)
Long-term notes payable and other obligations	$ 18,868	$ 21,799

Note payable to Bank --

In August 2007, as part of our acquisition of Vein Clinics of America, we secured a new $25 million 5-year term loan. Our previous term loan of $7.7

million was paid off in its entirety as part of this agreement. After deducting the previous loan amount, interest and fees, our net funding from Bank of America was $17.0 million. Other features of this credit facility include a $10 million three-year revolving line of credit. Availability of borrowings under the working capital revolver is based on eligible accounts receivable, as defined in the credit agreement. As of December 31, 2008 under the revolving line of credit the full amount of $10.0 million was available, of which $7.5 million was outstanding.

Each component of our amended credit facility bears 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 2.00% to 2.75% in the case of LIBOR-based loans. Prime-based loans are made at Bank of America's prime rate and do not contain an additional margin. Interest on the prime-based loans is payable quarterly beginning November 8, 2007 and interest on LIBOR-based loans is payable on the last day of each applicable interest period. As of December 31, 2008, interest on the term loan was payable at a rate of approximately 2.71%. Unused amounts under the working capital revolver bear a commitment fee of 0.25% and are payable quarterly.

In order to mitigate the interest rate risk associated with our new term loan, we entered into an interest rate swap agreement with Bank of America in August 2007 for 50% of the loan amount, or $12.5 million. The effect of this swap transaction was to effectively fix the interest rate on our term loan at 5.39% plus the applicable margin for the life of the loan. See Note 13.

Our Bank of America credit facility is collateralized by substantially all of our assets. As of December 31, 2008, we were in full compliance with all applicable debt covenants. We also continuously review our credit agreements and may renew, revise or enter into new agreements from time to time as deemed necessary.

Debt Maturities --

At December 31, 2008, aggregate note payments, including capital lease obligation payments, in future years were as follows (000's omitted):

2009	$11,351
2010	3,861
2011	3,868
2012	11,139
Total payments	$30,219

Leases --

Our capital lease obligation relates to medical equipment acquired for certain vein care clinics.

We maintain operating leases for our corporate headquarters and for medical office space for our Partner and our vein clinic centers. We also have operating leases covering certain medical equipment. Aggregate rental expense under operating leases was approximately $11.5 million, $10.7 million, and $9.3 million, for the years ended December 31, 2008, 2007 and 2006, respectively.

At December 31, 2008, the minimum lease payments for assets under capital and non-cancelable operating leases in future years were as follows (000's omitted):

	Capital	Operating
2009	$ 102	$ 9,416
2010	102	8,825
2011	102	8,520
2012	33	7,701
2013	--	6,927
Thereafter	--	18,964
Total minimum lease payments	$ 339	$60,353

Less -- Amount representing interest ..	38
Present value of minimum lease payments	$ 301

NOTE 15 - OTHER COMPREHENSIVE LOSS:

IntegraMed is exposed to the risk that its earnings and cash flows could be adversely impacted by market driven fluctuations in the level of interest rates. It is our policy to manage these risks by using a mix of fixed and floating rate debt and derivative instruments.

During the third quarter of 2007, we entered into a revised financing agreement with Bank of America. This agreement contained an interest rate swap provision designed to hedge risks associated with $12.5 million of our then $25.0 million term loan. As a result of this agreement, our net income for the three and twelve months ended December 31, 2008 includes additional financing costs of approximately $72,000 and $260,000 respectively, and we expect to record additional financing costs of approximately $350,000 related to the swap agreement over the coming twelve months given current interest rate forecasts (these financing costs are expected to be offset by lower interest expense on the portion of the term loan that was not hedged over this same time frame).

In addition to the costs included in our reported net income, recording this hedge at fair value also generated a non-recognized tax-effected loss of approximately $293,000 for the twelve months ending December 31, 2008 and a tax-effected loss totaling $375,000 for the three years ended December 31, 2008, which is reported as part of our Other Comprehensive Income.

The fair value of this hedge was calculated in accordance with SFAS No. 157 - Fair Value Measurements, utilizing Level 2 inputs of quoted prices for similar liabilities in active markets, specifically 3 month Eurodollar LIBOR rates.

We deem this hedge to be highly effective as it shares the same termination date and amortization schedule as the underlying debt subject to the hedge and any change in fair value inversely mimics the appropriate portion of the hedged item. As of December 31, 2008, we had no other hedge or derivative transactions.

The following table summarizes total comprehensive income (loss) for the applicable periods (000's omitted):

	For the twelve-month period ending December 31,		
	2008	2007	2006
Net income as reported	$ 3,915	$ 3,044	$ 3,070
Net non-recognized loss on derivative transactions	(293)	(73)	(9)
Total comprehensive income	$ 3,622	$ 2,971	$ 3,061

NOTE 16 -- INCOME TAXES:

The provision for income taxes consisted of the following (000's omitted):

	For the years ended December 31,		
	2008	2007	2006

Current taxes:			
Federal	$ 2,699	$ 1,049	$ 811
State	644	391	575
Total current tax expense (benefit)	$ 3,343	$ 1,440	$ 1,386

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Deferred taxes:			
Federal	$ (645)	$ 178	$ (734)
State	(161)	44	(182)
Total deferred tax expense (benefit)	$ (806)	$ 222	$ (916)
Total tax provision	$ 2,537	$ 1,662	$ 470

The financial statement income tax provision differed from income taxes determined by applying the statutory federal income tax rate to the financial statement income before income taxes for the years ended December 31, 2008, 2007 and 2006 primarily as a result of the following (000's omitted):

	For the years ended December31,		
	2008	2007	2006
Provision at U.S. federal statutory rate...................	$ 2,192	$ 1,599	$ 1,202
State income taxes, net of federal tax effect..............	306	135	143
Non-deductible expenses....................................	27	62	57
Tax-exempt interest income.................................	(14)	(199)	(129)
Adjustment to deferred tax assets	?	?	(33)
Other	?	39	(2)
Change in FIN 48 liability.................................	26	27	?
Change in deferred tax asset valuation allowance............	?	?	(768)
Income tax expense...	$ 2,537	$ 1,662	$ 470

Significant components of the deferred tax assets (liabilities) at December 31, 2008 and 2007 were as follows (000's omitted):

December 31,	
2008	2007

Deferred tax assets		
Net operating loss carry forwards	$ --	$ 109
Temporary book to tax differences	6,055	5,513
Total deferred tax assets	6,055	5,622
Deferred tax liabilities		
Depreciation and amortization	(737)	(1,613)
Other	(18)	(58)
Total deferred tax liabilities	(755)	(1,671)
Deferred tax asset	5,300	3,951
Valuation allowance	--	--
Net total deferred tax asset	$ 5,300	$ 3,951

The uncertainties that existed prior to December 31, 2006 related to our ability to generate sufficient taxable income to fully utilize our deferred tax asset valuation allowance related to our net operating loss (NOL) carry-forward deductions. The utilization of the NOL was further complicated by a Section 382 of the tax code limitation as a result of a change in control from ten years earlier. While in one year we could generate significant taxable earnings, our ability to utilize our NOL was capped by the Section 382 limit leaving NOLs to be realized by future taxable income. Each year future projected taxable earnings were evaluated and as it became clear that a certain amount of NOLs would be utilized we released that part of the allowance. When it became clear that projections of taxable income would be sufficient to utilize the remaining NOLs, we released the balance of the valuation allowance. At no time prior to the final release did we believe the realization of all the remaining NOL was assured.

We assess the realizability of our deferred tax assets at each interim and annual balance sheet date based on actual and forecasted operating results in order to determine the proper amount, if any, required for a valuation allowance. As a result of this assessment, we believe that it is more likely than not, given the weight of available evidence, that all of our deferred tax assets will be realized. We will continue to assess the realizability of our deferred tax assets at each interim and annual balance sheet date in order to determine the proper amount, if any, required for a valuation allowance.

Effective January 1, 2007, we adopted Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN No. 48), "Accounting for Uncertainty in Income Taxes," which clarifies the accounting and disclosure for uncertainty in income taxes. The adoption of this interpretation did not have a material impact on our financial statements.

We file income tax returns in the U.S. federal jurisdiction and various states. For federal income tax purposes, our 2007 and 2008 tax years remain open for examination by the tax authorities under the normal three year statute of limitations. A federal income tax examination for tax years through 2006 was completed during 2008 resulting in no adjustment to our income tax liability.

For state tax purposes, our 2004 through 2008 tax years remain open for examination by the tax authorities under a four year statute of limitations.

A reconciliation of the unrecognized tax benefits for the years ended December 31, 2008 and 2007 follows:

	Unrecognized Tax Benefits (000s)	
	2008	2007
Balance as of January 1,	$ 149	$ 188
Additions for current year tax positions	46	39
Additions for prior year tax positions	--	--
Reductions for prior year tax positions	(31)	(3)
Settlements	--	(66)
Reductions related to expirations of statute of limitations	--	(11)
Additional interest	11	2
Balance as of December 31,	$ 175	$ 149

As of December 31, 2008 and 2007, all of the unrecognized tax benefits could affect our tax provision and effective tax rate.

In accordance with our accounting policy, both before and after adoption of FIN 48, interest expense and penalties related to income taxes are included in the income tax expense line of our consolidated statement of operations. For the years ended December 31, 2008 and 2007, we recognized $11,000 and $2,000, respectively, for interest expense related to uncertain tax positions. As of December 31, 2008 and 2007, we had recorded liabilities for interest expense related to uncertain tax positions in the amounts of $15,000 and $26,000, respectively. We made no accrual for penalties related to income tax positions.

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NOTE 17 - EARNINGS PER SHARE:

The reconciliation of the numerators and denominators of the basic and diluted EPS computations for the years ended December 31, 2008, 2007 (restated) and 2006 (restated) is a follows (000's omitted, except for per share amounts):

	For the years ended December 31,		
	2008	2007	2006
Numerator			
Net Income	$ 3,915	$ 3,044	$ 3,070
Denominator			
Weighted average shares outstanding	8,618	8,310	8,090
Effect of dilutive options and warrants	73	100	104
Weighted average shares and dilutive potential Common shares	8,691	8,410	8,194
Basic earnings per common share	$ 0.45	$ 0.37	$ 0.38

Diluted earnings per common share	$ 0.45	$ 0.36	$ 0.37

For the year ended December 31, 2008, options to purchase approximately 124,000 shares of common stock were excluded from the computation of diluted earnings per share as the exercise price of the options was above the average market price of the shares of common stock. For the years ended December 31, 2007 and 2006, there were no outstanding options to purchase shares of common stock which were excluded from the computation of the diluted earnings per share amount as the exercise price of all outstanding options was less than the average market price of the shares of common stock.

For the years ended December 31, 2008, 2007 and 2006, there were no outstanding warrants to purchase shares of common stock which were excluded from the computation of the diluted earnings per share amount as the exercise price of any outstanding warrants were less than the average market price of the shares of common stock.

NOTE 18 -- SHAREHOLDERS' EQUITY:

During 2008, 2007 and 2006, we issued approximately 99,000, 78,000 and 106,000 shares, respectively, of restricted common stock as deferred compensation to several officers and directors with an aggregate value of $899,000, $956,000 and $887,000 respectively. These shares were valued at their fair value on the date of grant, and are amortized to expense over their vesting period which generally is a three year period.

During 2008, we issued incentive stock options to purchase approximately 128,000 shares of common stock to several officers of the company with an aggregate fair value of approximately $741,000 on the date of issue. These options have a term of ten years and vest ratably over a four year period.

During 2006, we received approximately 19,000 shares of our common stock in consideration for the exercise of common stock options on behalf of various officers and individuals. These shares were received in lieu of cash for the exercise price of the options pursuant to terms allowed under our stock option plans. As of the dates the underlying options were exercised, these shares were valued at approximately $187,000 and were accounted for as Treasury Stock.

Our Board of Directors has authorized the retirement of common stock held as Treasury Shares on a periodic basis. As such we retired approximately 14,000, 5,000 and 191,000 shares of Treasury Stock during the years ended December 31, 2008, 2007 and 2006 respectively. As of December 31, 2008 there were approximately 22,000 shares of common stock held as Treasury shares.

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In May 2007 and June 2006 we effected a 25% stock split in the form of a stock dividend. Where applicable we have restated our capital accounts, shares outstanding, weighted average shares and earnings per share calculations for all years in these financial statements and related footnotes to reflect these transactions.

NOTE 19 -- STOCK-BASED EMPLOYEE COMPENSATION:

We account for our stock based employee compensation plans under the Statement of Financial Accounting Standard ("SFAS") No. 123 (revised 2004), "Share-Based Payment" ("SFAS No. 123R"). SFAS No. 123R addresses the accounting for share based payment transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. SFAS 123R requires that such transactions be accounted for using a fair value based method.

In considering the fair value of the underlying stock when we grant options or issue restricted stock, we consider several factors including the fair values established by market transactions. Stock-based compensation includes significant estimates and judgments of when stock options might be exercised, forfeiture rates and stock price volatility. The timing of option exercises is out of our control and depends upon a number of factors including our market value and the financial objectives of the option holders. These estimates can have a material impact on our stock compensation expense but will have no impact on our cash flows.

We currently have three stock option plans which have been previously approved by the stockholders. Under the 1992 Incentive and Non-Incentive Stock Option Plan (the "1992 Plan"), the 2000 Long-term Compensation Plan (the "2000 Plan") and the 2007 Long-term Compensation Plan (the "2007 Plan"), 500,000, 700,000 and 500,000 shares ,subject to adjustment, of common stock, respectively, were reserved for issuance of incentive and non-incentive stock options and stock grants. The 1992 Plan expired in May 2002, and although some options are still outstanding, no further awards may be made under that plan. Under the 2000 and 2007 Plans, stock options and stock grants may be awarded to employees, directors and such other persons as the Board of Directors determines will contribute to our success. Vesting periods are set by the Board of Directors and stock options are generally exercisable during a ten-year period following the date of award, with stock grants generally vesting in three to five years. The Board of Directors has the authority to accelerate the maturity of any stock option or grant at its discretion, and all stock options and grants have anti-dilution provisions. Under all of our plans, options expire three months from the date of the holder's termination of employment or twelve months in the event of disability or death. As of December 31, 2008, there were 356,784 shares available for granting under these plans. We recognize compensation cost for stock option plans over the vesting period based on the fair value of the option as of the date of the grant.

The following table sets forth information about the weighted-average fair value of options granted during the periods below, and the assumptions used for each grant:

	For the twelve-month period ending December 31,		
	2008	2007	2006
Fair Value of Options...........	$8.45	N/A	N/A
Dividend yield..................	0.0%	N/A	N/A
Expected volatility.............	51.8%	N/A	N/A
Risk free interest rate.........	4.0%	N/A	N/A
Expected term in years..........	6.3	N/A	N/A

Our dividend yield assumptions on the underlying common stock upon which the options were granted anticipate that all earnings will be retained for

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use in the operation and expansion of the company and no dividends will be paid to shareholders. Our expected volatility is based on historic trading patterns of our common stock. The risk free interest rate is based on the yield of short term U.S. Treasury securities in effect at the time of the grant. The expected term of the options reflects our historic exercise and forfeiture experience with similar option grants.

Stock option activity under these plans is summarized below:

	Number of shares of Common Stock underlying options	Weighted Average exercise price
Options outstanding at December 31, 2005....	391,178	$2.22
Granted..................................	--	$0.00
Exercised................................	(240,721)	$2.12
Canceled.................................	(4,063)	$2.94
Options outstanding at December 31, 2006....	146,394	$2.35
Granted..................................	--	$0.00
Exercised................................	(42,146)	$2.38
Canceled.................................	(2,029)	$2.94
Options outstanding at December 31, 2007....	102,219	$2.33
Granted..................................	127,844	$8.45
Exercised................................	(3,047)	$2.68
Options outstanding at December 31, 2008....	227,016	$5.78
Options exercisable at:		
December 31, 2006.....................	146,394	$2.35
December 31, 2007.....................	102,219	$2.33
December 31, 2008.....................	99,171	$2.34

As of December 31, 2008, stock options outstanding and exercisable by price range were as follows:

	OPTIONS OUTSTANDING			OPTIONS E
Range of Exercise Prices	Outstanding as of 12/31/2008	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisable as of 12/31/2008
$0.00 - $2.55	69,906	1.9	$2.09	69,906
$2.56 - $5.00	29,265	3.3	$2.95	29,265
$5.01 - $20.00	127,845	9.5	$8.45	--
	227,016	6.3	$5.78	99,171

The total intrinsic value of options exercised during the years ended December 31, 2008, 2007 and 2006 was approximately $57,000, $100,000 and $499,000 respectively. The aggregate intrinsic value of options outstanding and exercisable as of December 31, 2008, 2007 and 2006 was approximately $333,000, $238,000, and $344,000, respectively.

During the years ended December 31, 2008, 2007 and 2006, we issued restricted stock grants to selected officers and members of the Board of Directors. These stock grants vest over a three, five or ten year period for officers, with grants to directors vesting immediately. These grants are valued at the closing market price on the date granted with the associated compensation expense is recognized ratably over the applicable period.

Compensation expense recognized in connection with stock options for the years ended December 31, 2008, 2007 and 2006 was $105,000, $0 and $0 respectively. Compensation expense recognized in connection with stock grants for the years ended December 31, 2008, 2007 and 2006 was $753,000, $558,000 and $405,000 respectively. As of December 31, 2008, remaining unamortized stock compensation expense for both stock options and stock grants was approximately $2.0 million and will be recognized as follows (000's):

	Stock Options	Stock Grants
2009	$246	$556
2010	246	396
2011	145	179
2012	0	71
2013	0	40
Thereafter	0	79
Unamortized stock compensation costs	$637	$1,321

NOTE 20 -- QUARTERLY FINANCIAL DATA (UNAUDITED):

Summarized quarterly financial data 2008 (restated), 2007 (restated) and 2006 (restated) appear below (in thousands, except per share data):

	Revenues, Net			Contribution			Net Income		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
First quarter	$45,784	$32,327	$30,533	$3,861	$3,066	$2,824	$720	$555	$520
Second quarter	49,920	33,907	31,775	4,729	3,651	3,297	1,015	728	490
Third quarter	52,229	40,183	31,768	4,987	4,427	3,255	1,099	933	507
Fourth quarter	50,220	45,405	32,244	4,709	3,979	3,166	1,081	828	1,553
Total year	$198,153	$151,822	$126,320	$18,286	$15,123	$12,542	$3,915	$3,044	$3,070

(1) The sum of the quarterly earnings per share may not equal the full year

earnings per share as the computations of the weighted average shares outstanding for each quarter and the full year are made independently.

NOTE 21 -- COMMITMENTS AND CONTINGENCIES:

Capital Leases --

Refer to Note 12 for a summary of capital lease commitments.

Reliance on Third Party Vendors --

Our fertility and vein clinics are dependent on a limited number of primary third-party vendors that produce supplies and medications vital to treating infertility and vein disease. Should any of these vendors experience a supply shortage, it may have an adverse impact on the operations of our clinical locations and network members. To date, no shortage or disruption has been experienced.

Employment Agreements

We have an employment agreement with our President and Chief Executive Officer. Pursuant to that agreement, we may terminate the President and Chief Executive Officer's employment without cause on thirty days notice, in which event severance pay equal to twelve months' base salary plus an annual bonus, calculated without regard to the condition precedents established under the bonus plan, will be payable in a lump sum.

The employment agreement further provides that in the event that within one year after a "Change of Control" (as defined therein) of the Company occurs, and the President and Chief Executive Officer's employment is terminated, the President and Chief Executive Officer will be paid a lump sum amount equal to their base salary for a 24-month period following termination, plus twice the full amount of their annual bonus based on their then current salary, without regard to the condition precedents established for the bonus payment. Based on this change of control provision, if there had been a change of control of the Company in 2008 and the President and Chief Executive Officer's employment had terminated effective December 31, 2008, either for "Good Reason" or without cause, then the President and Chief Executive Officer would be entitled to termination pay equal to $660,000 representing his then annualized base salary for 24-months, plus $429,000 representing twice the amount to which he was eligible under our Executive Incentive Compensation Plan for 2008.

We have also entered into indemnification and change in control severance agreements with certain of our management employees, which include, among other terms, noncompetitive provisions and salary and benefits continuation. Our minimum aggregate commitment under these agreements at December 31, 2008 was approximately $3.2 million.

Commitments to Partners --

In accordance with the majority of our Partner agreements, we are obligated to: (i) on an ongoing basis, advance funds to the fertility centers to fund operations and provide services; and (ii) on a monthly basis, transfer to the fertility centers funds equal to the net accounts receivable generated that month to finance those receivables less any amounts owed to us for services fees and/or advances.

Litigation --

From time to time, we are party to legal proceedings in the ordinary course of business. None of these proceedings is expected to have a material adverse effect on our financial position, results of operations or cash flow.

Insurance --

As of December 31, 2008 and December 31, 2007, we and our affiliated fertility and vein care centers were insured with respect to medical malpractice risks on a claims made basis. We believe, either through this captive insurance company, or on the open market, we will be able to obtain renewal coverage for both our fertility and vein care physicians in the future. We are not aware of any claims against us or our affiliated medical practices, which would expose us, or our affiliated medical practices to liabilities in excess of insured amounts.

As of December 31, 2008 and 2007, we also carried policies to insure against liability, theft, property loss, business interruption and a variety of other business risks. We also maintain an appropriate insurance reserve to cover estimated deductible amounts should a claim be filed under our policies.

NOTE 22 -- RELATED PARTY TRANSACTIONS:

In accordance with our Partner agreement with Shady Grove, Michael J. Levy, M.D., an employed shareholder physician of the P.C., became a member of our Board of Directors in March 1998. In 2004, Dr. Levy became an advisory director and was no longer a voting member of the Board of Directors. The medical practice at Shady Grove paid us service fees of $3,145,000 $2,916,000 and $2,572,000 in 2008, 2007 and 2006, respectively.

In accordance with our Partner agreement with FCI (the Illinois practice), Aaron Lifchez, M.D., an employed shareholder physician of FCI, became a member of our Board of Directors in August 1997. In 2004, Dr. Lifchez became an advisory director and was no longer a voting member of the Board of Directors.

The medical practice FCI paid us service fees of $2,787,000, $2,649,000 and $2,413,000 in 2008, 2007 and 2006, respectively.

The Company has a Consulting Agreement with its Chairman of the Board. The agreement provided for compensation of $125,000 for the twelve months ending December 31, 2008. This consulting agreement expired on December 31, 2008 and was replaced with a new one-year agreement providing for $36,000 in compensation.

NOTE 23 -- SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION AND NON-CASH TRANSACTIONS:

Equity transactions related to common stock, principally arising from stock grants, option exercises and related tax benefits disclosed on our Consolidated Statements of Cash Flows are comprised of the following (000's omitted):

	For the Twelve Months ended		
	2008	2007	2006

	----	----	----
Common stock options and grants............	30	35	499
Tax benefit related to stock transactions..	332	67	59
Treasury Stock, net and other..............	(211)	(67)	(231)
	---	--	---
	151	35	327
	===	==	===

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< REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON FINANCIAL STATEMENT SCHEDULE

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

Our audits of the consolidated financial statements referred to in our report dated March 30, 2009 appearing in the 2008 Annual Report to Shareholders of IntegraMed America, Inc. (which report and consolidated financial statement are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 8 and 15 (a) (1) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/Amper, Politziner & Mattia, LLP.

Edison, New Jersey
March 30, 2009

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SCHEDULE II

INTEGRAMED AMERICA, INC.

VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2008, 2007, 2006

	Balance at Beginning of Period	Additions	Deductions
Year Ended December 31, 2008			
Allowance for doubtful accounts receivable....	$3,386	$3,613	$4,351
Reserve for Attain IVF refunds................	326	427	356
Reserve for attain IVF medical costs..........	272	355	296
Year Ended December 31, 2007			
Allowance for doubtful accounts receivable....	$13	$3,524 (1)	$151
Reserve for Attain IVF refunds................	257	355	286
Reserve for Attain IVF medical costs..........	215	296	239
Year Ended December 31, 2006			
Allowance for doubtful accounts receivable....	$116	$(72) (2)	$31
Reserve fir Attain IVF refunds................	184	292	219
Reserve for Attain IVF medical costs..........	154	245	184
Deferred Tax Valuation Allowance..............	768	--	768

(1) Includes $3,224 acquired in connection with the Vein Clinics of America, Inc. transaction.

(2) Represents the reversal of unused reserves for uncollectible accounts receivable associated with our discontinuation of pharmaceutical product sales in 2005, and transition to a marketing fee arrangement with our third-party pharmaceutical distributor.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTEGRAMED AMERICA, INC.

Dated: December 14, 2009

By/s/JOHN W. HLYWAK, JR.
John W. Hlywak, Jr.
Executive Vice President
and Chief Financial Officer
(Principal Financial and
Accounting Officer)

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

Signature	Title	Date
/s/ JAY HIGHAM Jay Higham	President and Chief Executive Officer and Director (Principal Executive Officer)	December 14, 2009
/s/ JOHN W. HLYWAK, JR John W. Hlywak, Jr.	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	December 14, 2009
/s/ KUSH K. AGARWAL Kush K. Agarwal	Director	December 14, 2009
/s/ GERARDO CANET Gerardo Canet	Director	December 14, 2009
/s/ WAYNE R. MOON Wayne R. Moon	Director	December 14, 2009
/s/ LAWRENCE J. STUESSER Lawrence J. Stuesser	Director	December 14, 2009

/s/ ELIZABETH E. TALLETT		
Elizabeth E. Tallett	Director	December 14, 2009
/s/ YVONNE S. THORNTON, M.D.		
Yvonne S. Thornton, M.D.	Director	December 14, 2009