INTEGRAMED AMERICA INC
Form 10-Q
May 11, 2007

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

FORM 10-Q

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

For the quarterly period ended March 31, 2007

OR

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

For the transition period from to

Commission File No. 0-20260

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

Delaware (State or other jurisdiction of incorporation or organization)	06-1150326 (I.R.S. employer identification no.)
Two Manhattanville Road Purchase, New York (Address of principal executive offices)	10577 (Zip code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large Accelerated Filer ____ Accelerated Filer ____ Non-Accelerated Filer __X__.

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

The aggregate number of shares of the Registrant's Common Stock, $.01 par value, outstanding on May 1, 2007 was 6,513,660.

INTEGRAMED AMERICA, INC.
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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)

ASSETS

	March 31, 2007 (unaudited)	Decembe 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 32,996	$ 32,
Pharmaceutical and other receivables, net	563	
Deferred income taxes, net	2,472	2,
Prepaids and other current assets	3,069	2,
Total current assets	39,100	38,
Fixed assets, net	13,907	13,
Exclusive Service Rights and other intangibles, net	22,540	22,
Other assets	627	
Total assets	$ 76,174	$ 75,
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 797	$ 1,
Accrued liabilities	10,371	11,
Current portion of long-term notes payable and other obligations	1,487	1,
Due to medical practices	5,220	4,
Shared Risk Refund program patient deposits	8,072	6,
Total current liabilities	25,947	25,
Deferred income tax liability	1,712	1,
Long-term notes payable and other obligations	6,914	7,
Total Liabilities	34,573	34,
Commitments and Contingencies		
Shareholders' equity:		

Common Stock, $.01 par value - 15,000,000 shares authorized; 6,513,634 and 6,498,480 shares issued and outstanding in 2007 and 2006, respectively	65	
Capital in excess of par	49,415	49,
Accumulated other comprehensive income	(11)	
Accumulated deficit	(7,868)	(8,
Total shareholders' equity	41,601	40,
Total liabilities and shareholders' equity	$ 76,174	$ 75,

See accompanying notes to the consolidated financial statements.

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

	For the three-month period ended March 31,	
	2007	2006
	(unaudited)	
Revenues, net		
Provider Services	$ 29,409	$ 27,776
Consumer Services	2,975	2,658
Total revenues	32,384	30,434
Costs of revenues:		
Provider Services costs	26,411	25,032
Consumer Services costs	2,142	1,640
Total costs of revenues	28,553	26,672
Contribution		
Provider Services contribution	2,998	2,744
Consumer Services contribution	833	1,018
Total contribution	3,831	3,762
General and administrative expenses	3,132	3,052
Interest income	(335)	(221)
Interest expense	119	159
Total other expenses	2,916	2,990
Income before income taxes	915	772
Income tax provision	300	296

Net income	$ 615	$ 476
Basic and diluted net earnings per share:		
Basic and diluted earnings per share .	$ 0.09	$ 0.07
Weighted average shares - basic	6,509	6,501
Weighted average shares - diluted	6,593	6,629

See accompanying notes to the consolidated financial statements.

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

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par	Accumulated Other Comprehensive Income (loss)	Accumul Defic
Balance at December 31, 2006	6,498	$65	$49,261	$(9)	$(8,4
Net income for the three months ended March 31, 2007..........	--	--	--	--	6
Stock grant amortization.........	--	--	110	--	
Exercise of common stock options.	15	--	44	--	
Gain (loss) on hedging transaction	--	--	--	(2)	
Balance at March 31, 2007........	6,513	$65	$49,415	$(11)	$(7,

See accompanying notes to the consolidated financial statements.

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

	For the Three-month period ended March 31, 2007	2006
	(unaudited)	
Cash flows from operating activities:		
Net income	$ 615	$ 476
Adjustments to reconcile net income to Net cash provided by (used in) operating activities:		
Depreciation and amortization	1,508	1,421
Deferred income tax provision	(20)	216
Stock-based compensation	110	96
Changes in assets and liabilities Decrease (increase) in assets:		
Pharmaceutical and other accounts receivable	(118)	(385)
Prepaids and other current assets	(142)	(1,521)
Other assets	62	(61)
Increase (decrease) in liabilities:		
Accounts payable	(710)	(294)
Accrued liabilities	(1,479)	(994)
Due to medical practices	921	(965)
Shared Risk Refund program patient deposits	1,546	270
Net cash provided by (used in) operating activities	2,293	(1,741)
Cash flows from investing activities:		
Purchase of fixed assets and leasehold improvements	(1,150)	(683)
Net cash used in investing activities	(1,150)	(683)
Cash flows from financing activities:		
Principal repayments on debt	(357)	(357)
Principal repayments under capital lease obligations	(18)	(18)
Proceeds from exercise of stock options and other	44	195
Net cash used in financing activities	(331)	(180)
Net increase (decrease) in cash and cash equivalents	812	(2,604)
Cash and cash equivalents at beginning of period	32,184	22,521
Cash and cash equivalents at end of period	$ 32,996	$ 19,917
Supplemental Information:		
Interest paid	$ 119	$ 282
Income taxes paid	$ 325	$ 969

See accompanying notes to the consolidated financial statements.

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

NOTE 1 -- INTERIM RESULTS:

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, accordingly, do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position at March 31, 2007, and the results of operations and cash flows for the interim periods presented. Operating results for the interim period are not necessarily indicative of results that may be expected for the year ending December 31, 2007. These financial statements should be read in conjunction with the audited financial statements and notes thereto included in IntegraMed America's Annual Report on Form 10-K for the year ended December 31, 2006.

NOTE 2 -- COMMON SHARES OUTSTANDING:

All common share numbers reported herein reflect the 30% Stock Split effected in the form of a stock dividend declared by the Board of Directors on May 23, 2005 and paid to shareholders on June 22, 2005; and the 25% stock split effected in the form of a stock dividend declared by the Board of Directors on May 22, 2006 and paid on June 21, 2006.

NOTE 3 -- EARNINGS PER SHARE:

The reconciliation of the numerators and denominators of the basic and diluted EPS computations for the three month periods ended March 31, 2007 and 2006 is as follows (000's omitted, except for per share amounts):

	For the three-month period ended March 31,	
	2007	2006
Numerator		
Net Income	$ 615	$314
Denominator		
Weighted average shares outstanding (basic)	6,509	6,501
Effect of dilutive options and warrants	84	128
Weighted average shares and dilutive potential Common shares (diluted)	6,593	6,629
Basic and diluted EPS	$ 0.09	$ 0.07

For the three month periods ended March 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 prices of all outstanding options were less than the average market price of the shares of Common Stock.

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

NOTE 4 -- SEGMENT INFORMATION:

We currently report two major lines of business, our Provider Services, which is comprised of our Partner and Affiliate segments, and our Consumer Services, which is comprised of our Shared Risk and Pharmaceutical segments. Performance by segment, for the three month periods ended March 31, 2007 and 2006, is presented below.

		Providers		Consumers	
		(unaudited)			
	Corporate	Fertility Partners	Affiliates	Shared Risk	Pharma
For the three months ended March 31, 2007					
Revenues	$ --	$ 29,092	$ 317	$ 2,917	$
Cost of Services	--	26,408	3	2,143	
Contribution	--	2,684	314	774	
Contribution Margin	--	9.2%	99.1%	26.5%	10
General and administrative	3,132	--	--	--	-
Interest, net	(216)	--	--	--	-
Income before income taxes	(2,916)	2,684	314	774	
Depreciation expense included above	$ 202	$ 931	$ 1	$ --	$ -
Capital expenditures	$ 182	$ 968	$ --	$ --	$ -
Total assets	$ 34,156	$ 40,645	$ 731	$ 225	$
For the three months ended March 31, 2006					
Revenues	$ --	$ 27,497	$ 279	$ 2,505	$
Cost of Services	--	25,031	1	1,640	-
Contribution	--	2,466	278	865	
Contribution Margin	--	9.0%	99.6%	34.5%	10
General and administrative	3,052	--	--	--	-
Interest, net	(62)	--	--	--	-
Income before income taxes	(2,990)	2,466	278	865	
Depreciation expense included above	$ 139	$ 908	$ --	$ --	$ -
Capital expenditures	$ 174	$ 509	$ --	$ --	$ -

Total assets	$ 22,783	$ 41,219	$ 90	$ 523	$

NOTE 5 - DUE TO MEDICAL PRACTICES:

Due to Medical Practices is comprised of the net amounts owed by us to medical practices contracted as Partner. 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.

As of March 31, 2007 and December 31, 2006, Due to Medical Practices was comprised of the following balances:

	2007 (unaudited)	2006
Advances to Partner......................	$(14,584)	$(12,732)
Undistributed Physician Earnings...........	2,045	2,839
Physician Practice Patient Deposits........	17,759	14,192
Due to Medical Practices, net.............	$ 5,220	$ 4,299

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NOTE 6 -- STOCK-BASED EMPLOYEE COMPENSATION:

As of March 31, 2007, we had two stock-based employee compensation plans, which are described more fully in Note 13 of the financial statements in our most recent Annual Report on Form 10-K.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share Based Payment" ("SFAS No. 123(R)"). SFAS No. 123(R) supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees". Effective January 1, 2006, we adopted SFAS No. 123(R). For the three month periods ended March 31, 2007 and March 31, 2006, we recorded a charge to earnings to recognize compensation expense of $0 and $60,000, respectively, related to the value of outstanding stock options issued in prior years which vested in 2006. As of March 31, 2007, we had no unrecognized compensation costs related to stock options which had been previously granted under our plans as all options are currently vested.

We also issue restricted stock grants to officers and members of the Board of Directors. Stock granted to Board members vests immediately and stock granted to officers generally vests over a period of three years. Our General and Administrative expense includes compensation costs recognized in connection with these restricted stock grants of $111,000 and $96,000 for the three month periods ended March 31, 2007 and March 31, 2006 respectively.

NOTE 7 -- HEDGING TRANSACTION:

In the normal course of business we are exposed to the risk that our 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 second quarter of 2006, we entered into an interest rate swap agreement designed to hedge the risks associated with our floating rate debt. As a result of this agreement, our net income includes financing costs associated with this transaction of approximately $2,000 in the first quarter of 2007, and we expect to record additional financing costs of less than $10,000 over the coming twelve months, given current interest rate forecasts. In addition to the costs included in our reported net income, this hedge also generated a non-recognized loss of approximately $11,000 which is reported as part of our comprehensive income.

We deem this hedge to be highly effective as it shares the same valuation, termination date and amortization schedule as the underlying debt subject to the hedge. In addition the swap transaction was structured such that the change in fair value of the swap inversely mimics the hedged item. As of March 31, 2007, 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 three-month period ended March 31, 2007	2006
	(unaudited)	
Net income as reported.........................	$ 615	$ 476
Net gain (loss) on derivative transactions......	(11)	--
Total comprehensive income.....................	$ 604	$ 476

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NOTE 8 -- LITIGATION:

From time to time, we are party to legal proceedings in the ordinary course of business. As of March 31, 2007, none of these proceedings is expected to have a material adverse effect on our financial position, results of operations or cash flows.

NOTE 9 -- RECENT ACCOUNTING STANDARDS:

SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities

This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FASB Statement No. 157, Fair Value Measurements. This Statement permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. This Statement establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. This Statement does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in FASB Statements No. 157, Fair Value Measurements, and No. 107, Disclosures about Fair Value of Financial

Instruments. The Company is currently evaluating SFAS No. 159.

SAB No. 108, Quantifying Misstatements in Current Year Financial Statements

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108 (Topic 1N). "Quantifying Misstatements in Current Year Financial Statements," ("SAB No. 108). SAB No. 108 addresses how the effect of prior-year uncorrected misstatements should be considered when quantifying misstatements in current-year financial statements. SAB No. 108 addresses the mechanics of correcting misstatements that include effects from prior years. The Company is currently evaluating the impact of SAB No. 108 and does not believe this statement will have an effect on its financial statements.

FASB Interpretation No. 48

In February 2007, the SEC staff clarified its views related to changes in the classification of interest and penalties for periods prior to the adoption of FIN 48. Specifically, the SEC staff believes that if a registrant changes how it classifies interest and penalties upon adoption of FIN 48, it should not reclassify amounts in prior periods. This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation was adopted by us effective January 1, 2007. The adoption of this interpretation did not have a material impact on our financial statements.

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

The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto included in this quarterly report and with IntegraMed America Inc.'s Annual Report on Form 10-K for the year ended December 31, 2006.

Overview

IntegraMed America, Inc. offers products and services to patients and providers in the fertility industry. As of March 31, 2007, we have developed a network comprised of thirty contracted fertility centers in major markets across the United States, products and services designed to support fertility center growth, products and services in the pharmaceutical and patient financing areas, and captive insurance offerings. Twenty-two affiliate fertility centers subscribe to discrete service packages provided by us and have the right to distribute our consumer products, and eight fertility centers have access to our entire portfolio of products and services under our comprehensive Partner program. All thirty centers have access to our consumer services, principally Shared Risk Refund and pharmaceutical offerings, as well as patient financing products.

The business strategy of our Provider Services 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 care easier and more affordable. The primary elements of our strategy include: (i) expanding our network of fertility centers into new major markets; (ii) increasing the number and value of service packages purchased by Affiliates in our network; (iii) entering into additional Partner contracts with Affiliated and non-Affiliated fertility centers; (iv) increasing revenues and profits at contracted fertility centers; and, (v) increasing sales of Shared Risk Refund, pharmaceutical and treatment financing products to fertility patients.

Major events impacting financial condition and results of operations

2007

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, we issued approximately 1,628,000 new shares of common stock 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. The effect of this stock split has not been reflected in these financial statements as the payment date is subsequent to March 31, 2007.

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 did not result in any changes to net income or earnings per share for any period, but affected our intangible assets, deferred tax assets and deferred tax liabilities, all non-cash items. All periods affected by this error have been restated throughout this document as appropriate.

Results of Operations

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 three month periods ended March 31, 2007 and 2006:

	For the three-month period ended March 31,	
	2007	2006
Revenues, net:		
Provider services	90.8%	91.3%
Consumer services	9.2%	8.7%
Total revenues	100.0%	100.0%

Costs of services incurred:		
Provider services	81.6%	82.2%
Consumer services	6.6%	5.4%
Total costs of service	88.2%	87.6%
Contribution:		
Provider services	9.2%	9.1%
Consumer services	2.6%	3.3%
Total contribution	11.8%	12.4%
General and administrative expenses	9.7%	10.0%
Interest income	(1.0)%	(0.7)%
Interest expense	0.3%	0.5%
Total other expenses	9.0%	9.8%
Income from operations before income taxes	2.8%	2.6%
Income tax provision	0.9%	1.0%
Net income	1.9%	1.6%

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

Revenues:

Provider Services -

In providing clinical care to patients, each of our Partner practices generates revenue which we do not report in our financial statements. Although we do not consolidate the physician practice financials with our own, these financials do directly affect our revenues. The components of our revenue from Partner practices are: (a) a Base Service fee calculated as a percentage of patient revenue (percentage varies from 6% down to 3% depending on the level of revenues), (b) our reimbursement for the expenses, called Cost of Services, we advanced during the month (representing substantially all of the expenses incurred by the practice) and, (c) our Additional fees which represent our share of the net income of the practice (which varies from a fixed amount or 10% to 20% depending on the practice). From the total of our revenues, we subtract the annual amortization of our Business Service Rights.

In addition to revenues generated from Partner practices, we receive fees from Affiliate practices for marketing and other services as well as miscellaneous revenues related to providing services to medical practices. The table below illustrates the components of these fees in relation to the physician practice financials:

	Three months ended March 31,		
	2007	2006	
	(unaudited)	(unaudited)	
	Providers	Providers	Variance

Physician Financials

(a) Patient revenue	$ 38,862	$ 36,666	$ 2,196	6.0%
(b) Cost of services	26,385	25,021	1,364	5.5%
(c) Base Service fee	1,829	1,739	90	5.2%
(d) Practice contribution (a-b-c)	10,648	9,906	742	7.5%
(e) Physician compensation	9,472	8,905	567	6.4%
(f) IntegraMed additional fee	1,176	1,001	175	17.5%

IntegraMed Financials

(g) IntegraMed gross Partner revenue (b+c+f)	29,390	27,761	1,629	5.9%
(h) Amortization of business service rights	(372)	(374)	2	-0.5%
(i) Affiliate revenue	317	279	38	13.6%
(j) Other revenue	74	110	(36)	-32.7%
(k) IntegraMed Provider Services revenue (g+h+i+j)	29,409	27,776	1,633	5.9%

As of the three months ending March 31, 2007, revenues from Provider services increased by $1.6 million, or 5.9% from the same period in the prior year. This increase is comprised of approximately $1.3 million of additional reimbursed cost of services related to 6.0% FertilityPartner physician practice revenue growth, $0.3 million in Base and Additional fees paid to IntegraMed by these practices as a result of improved performance, and an increase in Affiliate fees which offset slightly lower miscellaneous revenues.

Consumer Services -

Our Shared Risk Refund program continued to experience significant growth with revenues as of March 31, 2007 rising $0.4 million, or 16% from the same quarter in the prior year. This growth was fueled by increased patient enrollments into the program and its expansion and penetration of physician practices throughout the network.

Pharmaceutical revenue was $58,000 for the three months ended March 31, 2007, compared to $153,000 in the prior year. This decline is a result of decreasing margins due to pharmaceutical cost increases which are not able to be passed on to the consumer as a result of competitive pressures.

Contribution:

Our 2007 first quarter contribution of $3.8 million increased approximately 1.8% from the first quarter of 2006. As a percentage of reported revenue, our contribution margin declined slightly to 11.8% in 2007 versus 12.4% in 2006. This dip was a result of two factors which impacted our Consumer Services business and are discussed below. The following factors had a significant effect on contribution:

Provider Services -

Contribution from our Provider operations in the first quarter of 2007 increased by approximately $254,000, or 9.3% from the same period in the prior year. This increase is primarily attributable to the continued revenue growth of the underlying physician practices as described above.

Consumer Services -

Contribution from our Shared Risk Refund program was $774,000 in the three months ended March 31, 2007, compared to $865,000 in the prior year. Although both revenue and patient volume were higher in 2007 versus 2006, pregnancy success rates were not. The success rates in the first quarter of 2007 were at the lower end of expected outcomes for the program and resulted in less revenue being recognized as we generate income when there is a pregnancy. As the current year progresses, we expect clinical success rates to return to higher levels.

Pharmaceutical contribution was $59,000 in the first quarter of 2007, was down $94,000 from the $153,000 contribution reported in the first quarter of 2006. This decrease in contribution, was driven by manufacturer price increases that were not able to be passed on to the consumer.

General and administrative expenses:

General and Administrative expenses are comprised of salaries, benefits, administrative, regulatory compliance, and operational support costs which are not specifically related to individual clinical operations or other product offerings. These costs were approximately $3.1 million for both the first quarter of 2007 and the first quarter of 2006. Higher depreciation and information systems disaster recovery costs were generally offset by lower recruitment and employee benefit costs in the first quarter of 2007 relative to the first quarter of 2006.

Interest:

Interest income increased to $335,000 for the quarter ended March 31, 2007, from $221,000 in the same period in 2006. This increase is primarily attributed to interest earnings on higher investable cash balances in 2007. Interest expense decreased to $119,000 in the first quarter of 2007, from $159,000 in 2006, primarily as a result of reduced interest charges on our lower debt levels outstanding.

Income tax provision:

Our provision for income tax was approximately $0.3 million in 2007, or 32.8% of pre-tax income, compared to $0.3 million, or 38.3% of 2006 pre-tax income. Our effective tax rates for both 2007 and 2006 reflect provisions for both current and deferred federal and state income taxes. The lower effective tax rate in 2007 is mainly due to an increase in tax-exempt interest income projected for the year.

The FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109." This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The interpretation was adopted by us effective January 1, 2007. The adoption of this interpretation did not have a material impact on our financial statements.

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 part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or VIE's, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of March 31, 2007, we do not have an interest in any VIE's where we are the primary beneficiary, therefore the adoption of FIN 46 had no impact on our financial statements.

Liquidity and Capital Resources

As of March 31, 2007, we had approximately $33.0 million in cash and cash equivalents on hand as compared to $32.2 million at December 31, 2006. Additionally, we had working capital of approximately $13.2 million, at March 31, 2007, an increase of $0.9 million from working capital of $12.3 million as of December 31, 2006. Our increased working capital is largely attributed to cash flows generated from operating activities.

Shared Risk Refund 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 Shared Risk revenues. These deposits totaled approximately $8.1 million and $6.5 million as of March 31, 2007 and December 31, 2006, respectively. These deposits are a significant source of cash flow and represent interest-free financing for us.

As of March 31, 2007, 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 $3.3 million for the remainder of 2007. These expenditures are primarily related to medical equipment and information system acquisitions and leasehold improvements. We believe that working capital, specifically cash and cash equivalents, remain 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 December 2005, we amended our existing credit facility with Bank of America. The amended facility is comprised of a $10 million three-year revolving line of credit and a $10 million 5-year term loan. As of March 31, 2007, approximately $8.3 million of the term loan was outstanding with a remaining term of 3.75 years, with no balance outstanding under the 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 1.75% to 2.50% in the case of LIBOR-based loans. Prime-based loans are made at Bank of America's prime rate and do not contain an additional margin. Interest on the prime-based loans is payable monthly and interest on LIBOR-based loans is payable on the last day of each applicable interest period. As of March 31, 2007, interest on the term loan was payable at a rate of approximately 7.07%. 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 March 31, 2007 under the revolving line of credit the full amount if $10.0 million was available, of which none was outstanding.

In order to mitigate the interest rate risk associated with our term loan, we entered into an interest rate swap agreement with Bank of America in April 2006. The effect of this swap transaction was to effectively fix the interest rate on our term loan at 5.42% plus the applicable margin for the life of the loan.

Our Bank of America credit facility is collateralized by substantially all of our assets. As of March 31, 2007, 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.

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Significant Contractual Obligations and Other Commercial Commitments

The following summarizes our contractual obligations and other commercial commitments at March 31, 2007, and the effect such obligations are expected to have on our liquidity and cash flows in future periods.

	Payments Due by Period			
	Total	Less than 1 year	1 - 3 years	4 - 5 years
Notes Payable.................	$ 8,344,000	$1,439,000	$ 6,905,000	$ --
Capital lease obligations.....	57,000	57,000	--	--
Operating leases..............	49,284,000	7,208,000	12,561,000	10,649,000
Total contractual cash obligations...............	$57,685,000	$8,704,000	$19,466,000	$10,649,000

	Amount of Commitment and Expiration Per Perio			
	Total	Less than 1 year	1 - 3 years	4 - 5 years
Unused lines of credit........	$10,000,000	$ --	$10,000,000	$ --

We also have commitments to provide working capital financing to our Partner locations. A significant portion of this commitment relates to our transactions with the medical practices themselves. Our responsibilities to the 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 on or before the 20th business day of each month. The medical practice's repayment hierarchy consists of the following:

(i) We provide a cash credit to the practice for billings to patients and insurance companies;

(ii) We reduce the cash credit for clinic expenses that we have incurred on behalf of the practice;

(iii) We reduce the cash credit for the base portion of our Service Fee which relates to the Partner revenues;

(iv) We reduce the cash credit for the variable portion of our Service Fee which relates to the Partner earnings; and

(v) We disburse to the medical practice the remaining cash amount which represents the physicians 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.

New Accounting Pronouncements

SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities

This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided

the entity also elects to apply the provisions of FASB Statement No. 157, Fair Value Measurements. This Statement permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. This Statement establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. This Statement does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in FASB Statements No. 157, Fair Value Measurements, and No. 107, Disclosures about Fair Value of Financial Instruments. The Company is currently evaluating SFAS No. 159.

SAB No. 108, Quantifying Misstatements in Current Year Financial Statements

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108 (Topic 1N). "Quantifying Misstatements in Current Year Financial Statements," ("SAB No. 108). SAB No. 108 addresses how the effect of prior-year uncorrected misstatements should be considered when quantifying misstatements in current-year financial statements. SAB No. 108 addresses the mechanics of correcting misstatements that include effects from prior years. The Company is currently evaluating the impact of SAB No. 108 and does not believe this statement will have an effect on its financial statements.

FASB Interpretation No. 48

In February 2007, the SEC staff clarified its views related to changes in the classification of interest and penalties for periods prior to the adoption of FIN 48. Specifically, the SEC staff believes that if a registrant changes how it classifies interest and penalties upon adoption of FIN 48, it should not reclassify amounts in prior periods. This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation was adopted by us effective January 1, 2007. The adoption of this interpretation did not have a material impact on our financial statements.

Forward Looking Statements

This Form 10-Q 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 Partner agreements, 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 serviced by us, increases in overhead due to expansion, the exclusion of fertility and ART services from insurance coverage, government laws and regulation regarding health care, changes in managed care contracting, the timely development of and acceptance of new fertility, and ART and/or genetic technologies and techniques. 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.

Item 3. 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 second quarter of 2006 we entered into a derivative transaction designed to hedge our variable rate term loan. As a result of this derivative transaction we have successfully shielded ourselves from interest rate risks associated with our term loan. We are currently subject to interest rate risks associated with our short term investments and certain advances to our FertilityPartner clinics, both of which are tied to either short term interest rates or the prime rate. As of March 31, 2007, a one percent change in interest rates would impact our pre-tax income by approximately $240,000 annually.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 under the Exchange Act) as of March 31, 2007 (the "Evaluation Date"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective in timely alerting them to the material information relating to us required to be included in our periodic SEC filings.

Section 404 of the Sarbanes-Oxley Act requires us to provide an assessment of the effectiveness of our internal control over financial reporting as of the end of fiscal year 2007. We are in the process of performing the system and process documentation, evaluation and testing necessary to make this assessment. We have not completed this process or its assessment. In the process of evaluation and testing, we may identify deficiencies that will require remediation.

(b) Changes in internal controls.

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

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Part II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we are party to legal proceedings in the ordinary course of business. As of March 31, 2007, none of these proceedings is expected to have a material adverse effect on our financial position, results of operations or cash flow.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

See Index to Exhibits on Page 21.

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SIGNATURES

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

INTEGRAMED AMERICA, INC.
(Registrant)

Date: May 11, 2007 By:/s/: John W. Hlywak, Jr.

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

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INDEX TO EXHIBITS

Exhibit Number		Exhibit
10.23 (i)	--	Amendment No. 9 to Service Agreement between IntegraMed America, Inc. and Shady Grove Fertility Reproductive Science Center, P.C. dated March 22, 2007.
31.1	--	CEO Certification Pursuant to 18 U.S.C. ss. 1350 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated May 11, 2007.
31.2	--	CFO Certification Pursuant to 18 U.S.C. ss. 1350 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 dated May 11, 2007.
32.1	--	CEO Certification Pursuant to 18 U.S.C. ss. 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated May 11, 2007.

32.2	--	CFO Certification Pursuant to 18 U.S.C. ss. 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 dated May 11, 2007.