

INTEGRAMED AMERICA INC

Form S-1

October 02, 2009

Table of Contents

As filed with the Securities and Exchange Commission on October 2, 2009

Registration No. 333-

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

IntegraMed America, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or
organization)*

8011

*(Primary Standard
Industrial
Classification Code
Number)*

06-1150326

*(I.R.S. Employer
Identification No.)*

**Two Manhattanville Road
Purchase, New York 10577
(914) 253-8000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Jay Higham
Chief Executive Officer
Two Manhattanville Road
Purchase, New York 10577
(914) 253-8000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

**Steven Khadavi, Esq.
Dorsey & Whitney LLP
250 Park Avenue**

**David B. Miller, Esq.
Michael K. Coddington, Esq.
Faegre & Benson LLP**

New York, New York 10177
 Telephone: (212) 415-9200
 Facsimile: (212) 953-7201

2200 Wells Fargo Center
 90 South Seventh Street
 Minneapolis, Minnesota 55402
 Telephone: (612) 766-7000
 Facsimile: (612) 766-1600

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 Non-accelerated filer Smaller reporting company
 (Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Share ⁽²⁾	Proposed Maximum Aggregate Offering Price ⁽¹⁾⁽²⁾	Amount of Registration Fee
Common stock, \$0.01 par value per share	4,600,000	\$ 9.22	\$ 42,412,000	\$ 2,367

⁽¹⁾ Includes common stock issuable upon exercise of the underwriters' over-allotment option.

⁽²⁾ Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933 and based on the average of the high and low sale prices for such common stock on September 28, 2009, as reported on the Nasdaq Global Market.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration

statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the Securities and Exchange Commission declares our registration statement effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated October 2, 2009

4,000,000 Shares

INTEGRAMED AMERICA, INC.

Common Stock

\$ per share

IntegraMed America, Inc. is offering shares.

The last reported sale price of our common stock on October 1, 2009 was \$9.37 per share.

Trading symbol: Nasdaq Global Market INMD

This investment involves risk. See Risk Factors beginning on page 10.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to IntegraMed America, Inc.	\$	\$

The underwriters have a 30-day option to purchase up to 600,000 additional shares of common stock from us to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved of anyone's investment in these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Piper Jaffray

Cowen and Company

The date of this prospectus is , 2009.

Table of Contents

TABLE OF CONTENTS

	Page
<u>Summary</u>	1
<u>Risk Factors</u>	10
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	18
<u>Use of Proceeds</u>	20
<u>Price Range of Common Stock</u>	21
<u>Dividend Policy</u>	21
<u>Capitalization</u>	22
<u>Selected Consolidated Financial Data</u>	23
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
<u>Business</u>	42
<u>Management</u>	65
<u>Principal Stockholders</u>	78
<u>Related Party Transactions</u>	80
<u>Description of Capital Stock</u>	81
<u>Material U.S. Federal Tax Considerations for Non-U.S. Holders of Our Common Stock</u>	86
<u>Underwriting</u>	90
<u>Legal Matters</u>	95
<u>Experts</u>	95
<u>Where You Can Find More Information</u>	96
<u>Index to Financial Statements</u>	F-1
<u>EX-4.1</u>	
<u>EX-10.5</u>	
<u>EX-10.6</u>	
<u>EX-10.7</u>	
<u>EX-21.1</u>	
<u>EX-23.1</u>	
<u>EX-24.1</u>	

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents

SUMMARY

The items in the following summary are described in more detail later in this prospectus. This summary does not contain all the information you should consider before investing in our common stock. You should carefully read the more detailed information set out in this prospectus, especially the risks related to our business and investing in our common stock that we discuss under the heading Risk Factors, as well as the consolidated financial statements and related notes appearing elsewhere in this prospectus. References in this prospectus to we, us, our, the Company, Company and IntegraMed refer to IntegraMed America, Inc. and its consolidated subsidiaries, unless the context requires otherwise.

Our Business

We manage highly specialized outpatient centers in emerging, technology-based, niche medical markets. Currently, we are a leading manager of fertility centers and vein clinics in the United States. We believe our network of Partner fertility centers is the largest managed network of fertility centers in the United States, with 63 locations and 97 physicians and PhD scientists, accounting for approximately 14% of the total in vitro fertilization (IVF) procedures performed in the United States in 2007, which is the latest period for which third-party data are available. We also believe our vein clinics are the single largest network of vein care providers in the United States. We have a centralized corporate infrastructure that provides clinical and financial information systems, revenue cycle management, sales and marketing services, group purchasing and other operational support functions to our fertility centers and vein clinics. These services remove administrative burdens from the physicians, allowing them more time to practice medicine, which we believe results in increased patient treatment volumes and improved patient care. We also provide physicians access to capital to finance fertility center and vein clinic operations, including access to current technologies and facilities, which we believe aids in patient and physician recruitment. We deliver these services through three operating divisions: Fertility Centers, Consumer Services and Vein Clinics.

Our Fertility Centers Division is comprised of 11 contracted fertility centers, referred to as our Partner Program, serving 13 metropolitan markets across the United States. The centers provide a wide range of fertility services to patients, including diagnostic testing and fertility treatments such as IVF, intrauterine insemination and surgical correction of anatomical reproductive problems. We receive fees and cost reimbursement from these fertility centers for providing the technology, equipment, facilities, non-physician personnel and support necessary to operate the fertility centers, but we do not employ or control the physicians who provide or direct the treatment of patients. For the six months ended June 30, 2009, our Fertility Centers Division generated approximately 68% of our revenues and 54% of our contribution.

Our Consumer Services Division offers services directly to fertility patients. The division offers a family of programs, including our Attain[™] IVF Refund Program and our recently introduced Attain IVF Multi-Cycle Program, collectively referred to as our Attain IVF programs, which are designed to help patients attain their goal of starting a family. IVF treatments are typically paid for out-of-pocket by the patient and a patient usually requires more than one IVF treatment cycle. The average cost of one fresh IVF cycle as of August 2009 was approximately \$12,000 according to Marketdata Enterprises, Inc. and, in 2007, the likelihood of a live birth occurring after one fresh IVF cycle was 31% according to the Society for Assisted Reproductive Technology. Our Attain IVF Refund Program allows medically cleared patients to pay an up-front deposit of approximately twice the average cost of a fresh IVF cycle in return for up to six treatment cycles (consisting of three fresh IVF cycles and three frozen embryo transfers) with a specified percentage refund if treatment does not result in a baby. Our Attain IVF Multi-Cycle Program allows all patients, including those who are not medically cleared for our Attain

Table of Contents

IVF Refund Program, to pay a single fee, which is slightly less than the average cost of two fresh IVF cycles, in return for up to four treatment cycles (consisting of two fresh IVF cycles and two frozen embryo transfers). Our Attain IVF Multi-Cycle Program offers a partial refund under certain circumstances. We provide Attain IVF patients with the improved success rates associated with multiple fertility treatment cycles, as well as increased financial certainty for the IVF process. Additionally, we provide Attain IVF patients with a roadmap for treatment, including patient education, on-going case management and treatment plan monitoring, which provide visibility and ease to the process.

In addition to being offered to our Partner fertility centers, the division offers our Attain IVF programs through a contracted network that consisted of 25 independent fertility centers as of September 30, 2009, referred to as our Affiliate Program. Our Affiliate Program allows fertility centers to pay fees to receive selected management and consumer services we provide. The benefits that our fertility centers realize from offering our Attain IVF programs include: allowing patients to commit to multiple fertility treatments, which improves treatment volume and revenues; insulating the centers from refund risk; managing cash and administrative details associated with our Attain IVF programs; and enabling physicians to maintain a traditional fee for service arrangement without the appearance of conflicts of interest that otherwise might arise from self administering a refund program. We bind our Partner and Affiliate fertility centers, which provide the IVF treatments, to abide by the terms of the program through participation agreements that support our packaged pricing model, but we do not employ or control the physicians who provide or direct the treatment of patients. For the six months ended June 30, 2009, our Consumer Services Division generated approximately 9% of our revenues and 26% of our contribution.

Our Vein Clinics Division began operations on August 8, 2007, with the purchase of Vein Clinics of America, Inc. (VCA), a company that had been in business since 1981. Our Vein Clinics Division currently operates a network of 34 clinics located in 13 states. These vein clinics provide specialized outpatient treatment for patients suffering from vein diseases and other vein disorders. Our current treatment options are alternatives to more invasive outpatient surgical procedures and include Endovenous Laser Treatment (ELT), a minimally invasive laser treatment, and sclerotherapy, which involves injecting veins with a solution designed to immediately shrink and then dissolve such veins over a period of weeks. We offer business services and support to the vein clinics and have a controlling financial interest in their operations. Medical services or treatments are provided to vein clinic patients by physicians who are employed by professional corporations, whose financial condition, results of operations and cash flows are consolidated with our consolidated financial statements. For the six months ended June 30, 2009, our Vein Clinics Division generated approximately 23% of our revenues and 20% of our contribution.

Our Industries

We are currently focused on the following industries:

Reproductive Medicine. According to a recent industry estimate, approximately 10% of U.S. couples have trouble conceiving. In addition, women are increasingly delaying starting families. In 2006, approximately one out of every 12 first births was to a woman age 35 or older, compared with one out of every 100 first births in 1970, according to the U.S. Centers for Disease Control and Prevention. There are approximately 1,400 practicing reproductive endocrinologists offering fertility services across 480 fertility centers in the United States. Fertility services include diagnostic tests performed on both the female and the male, as well as fertility treatments. Treatment options may include fertility drug therapy, artificial insemination, fertility surgeries to correct anatomical problems and assisted reproduction technology (ART) services. Current types of ART services include IVF, frozen embryo

Table of Contents

transfers and donor egg programs, as well as more specialized treatments. IVF treatments are the most frequently employed form of ART, with 103,367 fresh IVF cycles performed in the United States in 2007. Expenditures relating to fertility services in the U.S. market are estimated at approximately \$4 billion for 2008, according to Marketdata Enterprises, Inc.

Vein Disease. Common venous diseases and their symptoms can take many forms, including varicose veins, spider veins and venous leg ulcers. We believe that approximately 25 million people are currently affected by vein disease in the United States, but only approximately one million receive treatment for such vein disease. Historically, the most common treatment for vein disease was vein stripping, which is the surgical removal of surface veins that is generally done as an outpatient procedure while the patient is under general anesthesia and which requires an extended recovery time. More recently, minimally invasive alternatives such as ELT and sclerotherapy have been growing as alternatives to invasive surgical options. Annual expenditures related to vein care in the United States are approximately \$2 billion and projected to grow 12% per year through 2010, according to our estimates. The U.S. Food and Drug Administration's approval of lasers for thermal ablation of veins and subsequent establishment of an American Medical Association Current Procedural Terminology code for reimbursement by the Centers for Medicare and Medicaid Services has opened this market to rapid growth and development over the last several years.

Our Strengths

We believe that our strengths include:

Leading Network of Fertility Centers. We believe our network of 11 Partner fertility centers is the largest managed network of fertility centers in the United States, with 63 locations and 97 physicians and PhD scientists, accounting for approximately 14% of the total IVF procedures performed in the United States in 2007, which is the latest period for which third-party data are available. Additionally, we are affiliated with four of the top five fertility practices in the United States, based on volume of procedures. Our centralized infrastructure and ability to leverage economies of scale result in our Partner fertility centers demonstrating faster growth than the industry average, based on volume of procedures.

Strong and Replicable Vein Clinic Model. We believe our 34 vein clinics are the single largest network of vein care providers in the United States. This network allows for marketing, operational and revenue cycle efficiencies by leveraging resources, knowledge and infrastructure as well as providing a strong base and replicable model for new clinic expansion.

Attain IVF Programs. We created our family of Attain IVF programs as innovative offerings for patients of our Partner and Affiliate fertility networks. Marketing for our Attain IVF programs facilitates recruitment and retention of self-pay patients, which comprise the majority of the IVF treatment market. We have developed a sophisticated statistical model and case management program, which we believe allows us to appropriately screen patients for our Attain IVF Refund Program and reduce our financial risk. Our Attain IVF programs are non-capital intensive and our Attain IVF Refund Program generated operating margins of approximately 26% for the six months ended June 30, 2009.

State-of-the-Art Information Systems. We have internally developed, integrated information systems that collect and analyze clinical, patient, financial and marketing data, which we believe allow us to more effectively control expenses and improve cash collections at our

Table of Contents

Partner fertility centers and vein clinics. Our proprietary ARTworks® clinical software provides electronic medical records, treatment plan and success rate research capabilities, decision support functionality and clinical risk management services, which we believe makes our physicians more efficient and improves quality of care. We provide our vein clinics access to our proprietary Virtual Physician Assistant information system, which is an end-to-end patient and clinic operating system that provides decision support and revenue cycle functions.

Access to Capital. We provide our Partner fertility centers and vein clinics with efficient access to capital which allows them to obtain current technologies, equipment and facilities that enable them to provide a full spectrum of services to effectively compete for patients. We believe this access to capital helps us to recruit Partner practices.

Sophisticated Sales and Marketing Organization. Our sales and marketing department specializes in the development of sophisticated programs that give our Partner and Affiliate fertility centers and vein clinics access to patient recruitment tools such as direct-to-consumer marketing, physician referral development and a vein care centralized call center. We believe these sales and marketing efforts are often too expensive for many individual physician practices, resulting in a competitive advantage to our Partner and Affiliate fertility centers and vein clinics with respect to patient recruitment.

Experienced Management Team. Our senior management has extensive industry experience with average health care services experience of 25 years. This industry experience, combined with extensive merger and acquisition and financial expertise allows us to effectively execute our strategy.

Our Strategy

Our mission is to strengthen our position as a leading manager of fertility centers and vein clinics by increasing revenues and improving profitability, as well as continuing to provide value to patients and our physician network. Our strategy to achieve our mission is outlined below.

Make Selective Contract Acquisitions of Partner Fertility Centers. The U.S. market for fertility services is highly fragmented and we believe that it is ripe for consolidation. We believe that our competitors ability to compete with us for contract acquisitions is currently limited due to our experience acquiring Partner center contracts, our position as the manager of what we believe is the largest network of fertility centers in the United States and our developed infrastructure and experience in delivering valuable services to support fertility center operations. Recruitment into our Partner Program has traditionally focused on fertility centers that first participate as Affiliates serviced by our Consumer Services Division; as such, we had an established pipeline of 25 fertility centers as of September 30, 2009. In addition to recruiting from Affiliate centers, we have a development staff that targets leading physician groups with established practices in selected metropolitan markets. These candidates are then evaluated against our contract acquisition criteria, which includes factors such as size of practice, physician reputation and the physicians growth-oriented outlook.

Expand our Network of Affiliate Fertility Centers. We intend to expand our network of Affiliate fertility centers to other metropolitan markets across the United States. Our development staff is focused on the top 100 largest metropolitan markets, where we expect the highest demand for fertility centers to occur.

Table of Contents

Develop De Novo Vein Clinics. We intend to develop new vein clinics in markets where we already have existing clinics that have not fully penetrated their market and to identify attractive contiguous markets to develop new clinics. Our development staff focuses on locations where there are attractive demographics, reasonable media costs and a favorable reimbursement environment. We believe our vein clinic model can be predictably and profitably replicated in these new markets. De novo vein clinics require relatively little capital investment, typically \$300,000, and usually reach break-even in nine months or less after opening of the clinic. Following the acquisition of VCA, we made significant investments in physician recruiting and training, regional managers, revenue cycle management, sales and marketing, as well as new clinic development staff, all of which is designed to allow us to open new clinics at a more rapid and sustained pace utilizing a replicable model.

Increase the Total Number of Patients Treated. We intend to work with our fertility centers and vein clinics to increase the total number of patients they treat. We expect future patient volume to be driven by our sales program, centralized direct-to-consumer advertising strategy, direct physician referrals and processes designed to retain patients who make contact with our call centers and receive an initial consultation. We intend to continue providing products and services to centers and clinics that help attract patients, including access to state-of-the-art equipment, access to our Attain IVF programs and access to our clinical and information technology applications.

Increase Penetration of Our Attain IVF Programs. For the six months ended June 30, 2009, approximately 11.5% of self-pay patients in our Partner and Affiliate network utilized our Attain IVF Refund Program. We formally introduced our Attain IVF Multi-Cycle Program in July 2009. We believe that the penetration of our Attain IVF programs can be meaningfully increased by educating patients on the improved success rates associated with multiple treatment cycles and the packaged pricing features of our Attain IVF programs, which allow for multiple treatment cycles and, in the case of our Attain IVF Refund Program, a significant financial refund if the treatments are unsuccessful. We also believe we can increase overall market penetration of our Attain IVF programs by demonstrating to physicians at potential Affiliate and Partner practices the benefit of increased patient volume and retention that we believe result from offering our Attain IVF programs. We have demonstrated the ability to increase Attain IVF Refund Program penetration because certain of our fertility centers had Attain IVF Refund Program penetration rates in excess of 25% during the six months ended June 30, 2009.

Continue Improving Operating Efficiencies. We continuously seek opportunities to lower costs and realize operating efficiencies through the implementation of a centralized infrastructure focused on improved accounts receivable management, along with leveraging economies of scale in support functions such as procurement, finance, information technology, human resources, risk management and legal services. We expect to further leverage our corporate infrastructure as we expand our network of Partner fertility centers and vein clinics.

Corporate Information

We were incorporated in Delaware on June 4, 1985. Our headquarters are located at Two Manhattanville Road, Purchase, New York 10577. Our telephone number is (914) 253-8000. Our website address is www.integrated.com. The information on our website is not incorporated as a part of this prospectus.

Table of Contents

The Offering

Common stock offered by us	4,000,000 shares
	4,600,000 shares if the underwriters exercise their over-allotment option in full
Common stock outstanding immediately after this offering ⁽¹⁾	12,774,994 shares
Use of proceeds	<p>We estimate that the net proceeds to us from this offering will be approximately \$ million, or approximately \$ million if the underwriters exercise their over-allotment option in full, based on the assumed offering price and after deducting the estimated underwriting discounts and commissions and offering expenses payable by us related to this offering.</p> <p>We intend to use the net proceeds of this offering for general working capital and other corporate purposes, including funding potential contract acquisitions of Partner fertility centers.</p> <p>You should read the discussion in this prospectus under the heading Use of Proceeds for more information.</p>
Risk factors	See Risk Factors and all other information included in this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock.

Nasdaq Global Market symbol: INMD

⁽¹⁾ Excludes shares issuable upon exercise of the underwriters over-allotment option. The number of shares of our common stock outstanding immediately after this offering is based on 8,774,994 shares outstanding as of June 30, 2009 and excludes 215,841 shares of common stock issuable upon exercise of outstanding stock options as of June 30, 2009 at a weighted average exercise price of \$5.98 per share and 464,933 shares of common stock reserved for issuance under our 2007 Long-Term Compensation Plan.

The information in this prospectus assumes that none of our outstanding stock options has been exercised or forfeited since June 30, 2009. All information in this prospectus assumes the issuance and sale of our common stock in this offering at an offering price of \$9.37 per share, the last reported sale price for our common stock on October 1, 2009, as reported by the Nasdaq Global Market.

Table of Contents**Summary Consolidated Financial Data**

The following table sets forth our summary consolidated financial data as of and for the periods presented. The summary consolidated financial data as of December 31, 2007 and 2008 and for each of the years ended December 31, 2006, 2007 and 2008 have been derived from our audited annual consolidated financial statements, which are included elsewhere in this prospectus. The summary consolidated financial data as of December 31, 2006 have been derived from our audited annual consolidated financial statements, which have not been included in this prospectus. The summary consolidated financial data as of and for the six months ended June 30, 2008 and 2009 have been derived from our unaudited consolidated financial statements, which are included elsewhere in this prospectus. In the opinion of management, our unaudited consolidated financial statements include all adjustments, consisting only of normal recurring items, except as noted in the notes to the consolidated financial statements, necessary for a fair statement of interim periods. The financial information presented for the interim periods has been prepared in a manner consistent with our accounting policies described elsewhere in this prospectus, and should be read in conjunction therewith. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full year period. You should read this data together with the consolidated financial statements and related notes appearing elsewhere in this prospectus, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations and the other financial information included elsewhere in this prospectus. Historical results are not necessarily indicative of future performance.

We prepare our consolidated financial statements in accordance with U.S. generally accepted accounting principles (GAAP), including Financial Accounting Standards Board Interpretation No. 46 (revised December 2003) (FIN No. 46R), Consolidation of Variable Interest Entities. In accordance with FIN No. 46R, we do not consolidate the results of the fertility centers to which we provide services because we do not have a controlling financial interest in such centers and we are not the primary beneficiary or obligor of such centers' financial results. We do, however, have a controlling financial interest in individual vein clinics where we are the primary beneficiary and obligor of their financial results. As such, we consolidate the financial condition, results of operations and cash flows of those clinics' operations. See Management's Discussion and Analysis of Financial Condition and Results of Operations Off-Balance Sheet Arrangements.

	Year Ended December 31,			Six Months Ended	
	2006	2007 ⁽¹⁾	2008	2008	2009
				June 30,	
				(unaudited)	
	(dollars in thousands, except per share amounts)				

Statement of Operations Data:

Revenues, net:					
Fertility Centers	\$ 112,767	\$ 121,078	\$ 138,440	\$ 67,797	\$ 73,574
Consumer Services	13,051	15,804	19,013	8,635	10,229
Vein Clinics	N/A	14,284	39,950	18,904	24,667
Total revenues	125,818	151,166	197,403	95,336	108,470
Costs of services and sales:					
Fertility Centers	104,357	111,059	128,224	62,923	67,875
Consumer Services	9,412	12,325	14,331	6,315	7,556
Vein Clinics	N/A	13,304	37,299	17,869	22,631

Total costs of services and sales	113,769	136,688	179,854	87,107	98,062
-----------------------------------	---------	---------	---------	--------	--------

Table of Contents

	Year Ended December 31,			Six Months Ended	
	2006	2007 ⁽¹⁾	2008	June 30,	2009
	(unaudited)				
	(dollars in thousands, except per share amounts)				
Contribution:					
Fertility Centers	8,410	10,019	10,216	4,874	5,699
Consumer Services	3,639	3,479	4,682	2,320	2,673
Vein Clinics	N/A	980	2,651	1,035	2,036
Total contribution	12,049	14,478	17,549	8,229	10,408
General and administrative expenses	9,380	10,536	10,654	5,098	6,569
Interest income	(1,073)	(1,256)	(383)	(273)	(143)
Interest expense	695	1,136	1,563	849	566
Total other expenses	9,002	10,416	11,834	5,674	6,992
Income before income taxes	3,047	4,062	5,715	2,555	3,416
Income tax provision	1,084	1,391	2,226	1,030	1,382
Income tax benefit	(821) ⁽⁴⁾				
Net income	\$ 2,784 ⁽⁴⁾	\$ 2,671	\$ 3,489	\$ 1,525	\$ 2,034
Basic and diluted net earnings per share:					
Basic earnings per share	\$ 0.34	\$ 0.32	\$ 0.40	\$ 0.18	\$ 0.23
Diluted earnings per share	\$ 0.34	\$ 0.32	\$ 0.40	\$ 0.18	\$ 0.23
Weighted average shares basic	8,090	8,310	8,618	8,570	8,767
Weighted average shares diluted	8,194	8,410	8,691	8,652	8,829
Balance Sheet Data⁽²⁾:					
Working capital ⁽³⁾	\$ 10,973	\$ (4,520)	\$ (3,958)	\$ (5,697)	\$ (5,258)
Total assets	76,323	114,172	121,443	114,565	125,745
Total indebtedness	8,774	25,460	30,219	24,163	28,165
Accumulated deficit	(9,851)	(7,180)	(3,691)	(5,655)	(1,657)
Shareholders equity	39,466	46,549	50,753	48,398	53,465

(1) Our Vein Clinics Division began operations on August 8, 2007 with our purchase of VCA.

(2) As of the last day of the reported period.

(3) Represents current assets less current liabilities.

(4) 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 for the year ended December 31, 2006.

Table of Contents**Summary Operating Data**

The following table sets forth our summary operating data for the years ended December 31, 2006, 2007 and 2008 and for the six months ended June 30, 2008 and 2009. This summary operating data is unaudited. Historical results are not necessarily indicative of future performance.

	Year Ended December 31,			Six Months Ended June 30,	
	2006	2007	2008	2008	2009
Summary operating data:					
Partner fertility centers ⁽¹⁾	8 Partners	9 Partners	11 Partners	10 Partners	11 Partners
Fresh IVF cycles	11,142	12,483	13,553	6,650	7,210
Consumer Services Affiliates ⁽¹⁾	22 Affiliates	20 Affiliates	23 Affiliates	22 Affiliates	23 Affiliates
Vein clinics ^{(1),(2)}	N/A	26 clinics	32 clinics	30 clinics	34 clinics
Vein clinics procedures ^{(2),(3)}	N/A	7,865	9,273	4,669	6,256

⁽¹⁾ As of the last day of the reported period.

⁽²⁾ Our Vein Clinics Division began operations on August 8, 2007 with our purchase of VCA.

⁽³⁾ One vein care procedure represents a corrective procedure performed on a leg.

Table of Contents

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before you invest in our common stock, you should carefully consider the various risks of the investment, including those described below, together with all of the other information included in this prospectus. Additional risks may also impair our business operations and adversely affect our prospects. If any of the following risks actually occur, our business, financial condition or operating results could be adversely affected. In that case, the trading price of our common stock could decline and you could lose all or part of your investment.

Risks Related to Our Business

The loss of one or more of our Partner fertility centers would lead to a decline in our revenues and profit.

The contracts that we enter into with our Partner fertility centers typically have terms that range from 10 to 25 years and contain automatic renewal provisions. Some of these agreements also contain provisions that allow the Partner fertility center to terminate the agreement, upon 12 months' prior notice, at any time after five years from the agreement's effective date. Our two largest Partner fertility centers provided approximately 34% of our Fertility Centers Division revenues for the year ended December 31, 2008. If either of these Partner fertility centers, or any of our other Partner fertility centers, were to terminate its agreement with us, we would lose all of the revenues associated with such Partner fertility center, but would not experience any meaningful reduction in our infrastructure costs.

We may not be able to find suitable Partner candidates or successfully integrate the operations of the fertility centers with which we enter into Partner contracts.

A key part of our business strategy is to enter into additional Partner contracts. We cannot assure you that we will be able to find suitable Partner candidates or that the fertility centers that we enter into Partner contracts with will be successful. Even if suitable Partner candidates are identified, negotiation over suitable terms and conditions may be protracted and unsuccessful, and we may not be able to achieve planned increases in the number of Partner centers. Further, achieving the anticipated benefits of current and possible future Partner contracts will depend in part upon whether we can integrate the operations of those fertility centers with our operations in a timely and cost-effective manner. The process of integrating the operations of Partner fertility centers with our operations is complex, expensive and time consuming and involves a number of risks, including, but not limited to:

difficulties in integrating or retaining key medical providers of the Partner fertility center;

difficulties in integrating the operations of the Partner fertility center, such as information technology resources and financial and operational data;

diversion of our management's attention; and

potential incompatibility of cultures.

We are dependent on the medical providers in our fertility centers and vein clinics to successfully execute our business strategy.

Although we manage our fertility centers and vein clinics, the medical providers at those centers and clinics provide medical services directly to patients and we do not have control over their medical activities. We cannot guarantee any medical provider's ability to generate positive patient outcomes, build a positive reputation for their practice or to comply with our expectations. If the medical providers in our fertility centers and vein clinics act negligently or unethically, allow their medical

Table of Contents

practices to deteriorate or do not meet our growth expectations, it could diminish the value of our brand and our results of operations could be adversely affected.

We may have difficulty attracting and retaining physicians for our fertility centers and vein clinics.

A key part of our business strategy is to enter into additional Partner contracts and open new vein clinics. The success of our fertility centers is dependent upon our ability to retain the key medical providers associated with those centers. If one or more key medical providers were to depart from a fertility center, our business could suffer. Our ability to open new vein clinics is dependent upon identifying, recruiting and retaining qualified physicians to perform procedures at these clinics. We have had difficulties staffing new vein clinics because some third-party payors require that the physicians performing procedures at these clinics have certain specified credentials. We will not be able to implement successfully our business strategy if we are unable to properly staff our fertility centers and vein clinics.

A reduction in reimbursements or an inability to negotiate attractive reimbursement rates from third-party payors for the services that our Partner centers or vein clinics provide could adversely affect our revenues and growth.

A significant portion of our fertility Partner and vein clinic revenues depends on reimbursements to the underlying physician practices from third-party payors. These third parties include private health insurers and other organizations, such as health maintenance organizations, as well as government authorities. Third parties are systematically challenging prices charged for medical treatment. A third-party payor may deny or reduce reimbursement if it determines that a prescribed treatment is not used in accordance with cost-effective treatment methods, as determined by the payor, or is experimental, unnecessary or inappropriate. In addition, although third parties may approve reimbursement, such approvals may be under terms and conditions that discourage use of our services, even if those services are safer or more effective than alternative services. A reduction in reimbursements from third-party payors, whether in the form of changes to reimbursement contracts, such as by limiting reimbursement for certain procedures to specialists, loss of reimbursement contracts, solvency issues on the part of the payors, or in the case of our vein clinics, changes in Medicare reimbursement, would cause patients to reduce their treatments or obtain services from other providers and could reduce our revenues and profitability. Our ability to profitably open vein clinics in new markets also significantly depends on our ability to obtain attractive reimbursement rates from third-party payors in those new markets. If we are unable to obtain satisfactory reimbursement rates from third-party payors for vein clinics in new markets, our growth would suffer.

In early 2009, one of our top fertility centers in the Midwest terminated a reimbursement contract with an important third-party payor. Contribution from this fertility center in 2008 was approximately \$2.3 million and this third-party payor represented approximately 20% of this contribution.

Health care reform could impact the demand for our services.

There are currently numerous proposals on the federal and state levels for comprehensive reforms relating to health care that could affect payment and reimbursement for health care services in the United States. The U.S. Congress is considering legislation that could dramatically overhaul the health care system, including the possibility of a government health care plan. We cannot predict whether any such reforms will ultimately be adopted or the impact that such reforms may have on the demand or payment for our services. Because our Attain IVF programs are self-pay programs for patients that do not have insurance coverage for fertility treatments, health care reform that increases insurance coverage for fertility treatments could lead to a decrease in demand for our Attain IVF programs.

Table of Contents

We face competition from existing providers, as well as new providers entering our markets.

Our business divisions operate in highly competitive areas. Our fertility centers compete with national, regional and local physician practice fertility centers, hospitals and university medical centers, some of which have programs that compete with our Attain IVF programs. Our fertility centers may also compete with fertility centers located outside of the United States, due to the self-pay nature of IVF treatment. Our vein clinics compete with other vein care clinic providers, dermatologist and surgical clinics that provide ELT and sclerotherapy as an ancillary offering, vascular surgeons and interventional radiologists. Barriers to entry in the vein care industry are low. New health care providers that enter our markets impact our market share, patient volume and growth rates. Increased competitive pressures require us to commit resources to marketing efforts, which impacts our margins and profitability. There can be no assurance that our fertility centers or vein clinics will be able to compete effectively with existing providers in our markets or that new competitors will not enter into our markets. These existing and new competitors may have greater financial and other resources than we or our fertility centers or vein clinics do. Increased competition could also make it more difficult for us to expand our business by entering into new contracts with fertility centers or opening new vein clinics.

The development of alternative treatments could diminish demand for our services.

The fertility and vein care industries are dynamic, and new, technologically intensive treatments are constantly under development. New treatments that are more effective or provide better reimbursement could decrease patient demand or profitability for the treatments that our fertility centers or vein clinics currently offer. If our fertility centers or vein clinics do not adopt new treatments as they are developed, patients could seek treatment elsewhere.

If we are found not to be in compliance with applicable laws and regulations, we could be subject to significant fines or penalties, be forced to curtail certain of our operations or rearrange material agreements to our detriment.

We, and each of our fertility centers and vein clinics, are subject to numerous federal and state laws and regulations, including, but not limited to, federal and state anti-kickback laws, controlled substances laws, the federal Stark law and state self-referral laws, false claims laws, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Medicare and Medicaid regulations and laws regulating the business of insurance. These laws and regulations are extremely complex and could be subject to various interpretations. Our fertility centers and vein clinics are also subject to these statutes, but we do not oversee, nor are we responsible for, their compliance with these laws. Many aspects of our business, to date, have not been the subject of federal or state regulatory review and we, and any of our fertility centers or vein clinics, may not have been in compliance at all times with all applicable laws and regulations. If we, or our fertility centers or vein clinics, are found by a court or regulatory authority to have violated any applicable laws or regulations, we could be subject to significant fines or penalties or be forced to curtail certain of our operations.

Further, the laws of many states prohibit physicians from splitting fees with non-physicians, or other physicians, and prohibit non-physician entities from practicing medicine. These laws vary from state to state and are enforced by the courts and by regulatory authorities with broad discretion. Many aspects of our business, to date, have not been the subject of judicial or regulatory interpretation; thus, a review of our business by courts or regulatory authorities may result in determinations that could adversely affect our operations. In addition, the health care regulatory environment could change so as to restrict our existing operations or their expansion. State corporate practice of medicine laws may be interpreted as prohibiting corporations or associations from exercising control over physicians or employing nurse practitioners or physician assistants and may prohibit physicians from practicing medicine in partnership with, or as employees of, any person not licensed to practice medicine.

Table of Contents

State regulators may seek to challenge the arrangements that we have with our fertility centers and vein clinics. A determination in any state that we are engaged in the corporate practice of medicine or any unlawful fee-splitting arrangement could render any management agreement between us and a practice located in such state unenforceable or subject to modification, which could have an adverse effect on our financial condition and results of operations. Regulatory authorities or other parties may assert that we are or a practice is engaged in the corporate practice of medicine or that the management fees paid to us by the managed practices constitute unlawful fee-splitting or the corporate practice of medicine. If such a claim were asserted successfully, we could be subject to civil and criminal penalties, managed physicians could have restrictions imposed upon their licenses to practice medicine, parts or all of our existing management agreements could be rendered unenforceable and we could be required to restructure our contractual arrangements with the managed practices, all of which could have an adverse effect on our financial condition and results of operations.

Our management agreement with our Partner fertility center in Illinois provides that we will be paid a base fee equal to a fixed percentage of the revenues of the fertility center that declines to zero to the extent the costs relating to the management of the fertility center increase as a percentage of total revenues. There is a substantial risk that this compensation arrangement, being based on a percentage of revenues, would not be upheld if challenged under Illinois law. To address this, our management agreement provides that if such compensation arrangement is found to be illegal, unenforceable, against public policy or forbidden by law, the management fee will be an annual fixed fee to be mutually agreed upon, not less than \$1,000,000 per year, retroactive to the effective date of the agreement, resulting in a reduction of our management fee. In such event, there is likely to be a significant decrease in the management fees derived from this fertility center as a result of the new fee structure, as well as repayment of amounts paid in excess of the prior management fee.

Although we view our Attain IVF programs as a guaranty or warranty of our fertility centers performance, the Attain IVF programs have several characteristics that are present in an insurance contract. As such, an insurance regulator in a particular state may find that we have been and are engaged in the business of insurance without a license, which could subject us to criminal and civil liabilities and would subject our Attain IVF programs to substantial regulation in that state as an insurance contract, including burdensome reserve requirements. In addition, in states that prohibit physicians from splitting professional fees with non-physicians, we could be required to restructure our Attain IVF programs if a state concluded that our Attain IVF programs constituted fee splitting because we retain a portion of the payments patients pay directly to us for their medical treatment by our fertility centers. The imposition of any such liabilities and any such changes in our method of doing business would likely reduce revenues and contribution from our Consumer Services Division.

Additionally, our management agreements with our vein clinics provide that the vein clinics will pay us a fee equal to 150% of our expenses of operating and managing the vein clinics. These fees have historically exceeded the operating margin generated by any particular vein clinic prior to payment of the management fee. Accordingly, each vein clinic only pays the portion of the management fee that is equal to the amount of revenue generated by the clinic annually up to the 150% amount. As a result, our vein clinics do not generate any net profits at year end. A state regulator could find that such a compensation model is actually based on a percentage of the revenue of a particular vein clinic or that our management fee is not commensurate with the services we provide, in which case our management agreements would be violating fee-splitting laws of certain states where we operate vein clinics. We could be forced to restructure the fee structure under the management agreements to our material financial detriment or the providers affiliated with our vein clinics who have been found to violate the fee-splitting statutes or regulations may be subject to disciplinary action or criminal sanctions, which could lead to the closure of one or more of our vein clinics.

Table of Contents

Our arrangements with our fertility centers and vein clinics may trigger the application of federal and various state franchise laws. We have never sought to comply with any such franchise laws, nor have we ever sought any exemptions from such laws. The U.S. Federal Trade Commission could bring an enforcement action against us for failure to comply with federal franchise laws and could impose significant fines against us, order us to pay restitution to the fertility centers and vein clinics that are found to be franchisees (and the physicians that own or operate them) and/or seek criminal sanctions against us. Under the laws of certain of the states in which we operate, the physicians that own or operate our fertility centers and vein clinics may bring private causes of actions against us for violating such laws. In many of these jurisdictions, in addition to a judgment for actual damages, a court could award the physicians rescission, attorney's fees and costs and treble damages. Additionally, we could be subject to fines and criminal sanctions. Even if we were to comply with these federal and state franchise laws, we would still be potentially liable for prior violations that occurred prior to the time we came into compliance with such laws.

New or enhanced laws and regulations affecting the fertility industry could increase our costs of compliance and force us to alter certain of our operations.

A number of high profile events have occurred recently related to ART and fertility practices generally, such as the implantation of a greater than recommended number of embryos, resulting in extraordinarily high-order multiple births, or the implantation of incorrect patient embryos. Federal and state regulators may more carefully scrutinize the fertility industry as a result of these events, and may adopt more stringent laws and regulations that could increase our compliance costs or force us to alter certain of our operations.

We and our Partner fertility centers and vein clinics may not have sufficient liability insurance to cover potential claims.

The medical procedures performed by physicians and other medical personnel in our network of fertility centers and vein clinics can involve significant complications, including genetically defective births, embryo loss and patient death. We are likely to be, and from time to time have been, named as a party in legal proceedings involving medical malpractice or other injuries that occur at one of our fertility centers or vein clinics, particularly in those fertility centers where we provide the services of a physician assistant or nurse practitioner. A successful malpractice claim could exceed the limits of insurance that we maintain, in which case we would have to fund any settlement in excess of our insurance coverage. We also maintain medical malpractice insurance coverage for our Partner fertility centers and vein clinics, and a successful malpractice claim against one of those centers or clinics in excess of the coverage we maintain for them would adversely affect the revenues we derive from those centers and clinics. In addition, the captive insurance company that provides a portion of our insurance coverage does not maintain reserves in amounts that would be required of other, larger insurers, and therefore may not have adequate capital to fund a claim against us or the Partner fertility centers covered by the captive insurance company. A malpractice claim, whether or not successful, could be costly to defend, could consume management resources and could adversely affect our reputation and business and the reputations and businesses of our Partner fertility centers and vein clinics. We also cannot assure you that we or our Partner fertility centers or vein clinics will be able to obtain insurance coverage in the future on commercially reasonable terms, or at all.

Our success depends on retaining key members of our management team.

The success of our business strategy depends on the continued contribution of key members of our management team. The loss of key members of this team could disrupt our growth plans and our ability to implement our business strategy.

Table of Contents

We rely on a limited number of third-party vendors for medicine and supplies.

Our fertility centers and vein clinics rely on a limited number of third-party vendors that produce medications and supplies vital to patient treatment, such as AngioDynamics, Inc., which provides the only U.S. Food and Drug Administration approved solution used in sclerotherapy. If any of these vendors were to experience a supply shortage or cease doing business, and we were unable to find an alternative third-party vendor, we might not be able to properly serve our patients.

Our credit agreement contains covenants that impose restrictions on us that may limit our operating flexibility, prevent us from entering into extraordinary transactions that benefit our stockholders and limit our growth.

Our credit agreement contains covenants that restrict our flexibility to conduct business. These covenants prohibit or limit, among other things:

- the payment of dividends to our stockholders;
- the incurrence of additional indebtedness;
- the making of certain types of restricted payments and investments;
- sales of assets; and
- consolidations, mergers and transfers of all or substantially all of our assets.

The credit agreement also requires that we maintain certain leverage and fixed charge ratios and minimum levels of earnings before interest, taxes, depreciation and amortization. Our failure to comply with any of these covenants could cause the lenders to declare a default and accelerate amounts due to them under the credit agreement.

In addition, our credit agreement places certain restrictions on our ability to acquire the business, assets or capital stock of fertility centers. For example, our credit agreement prevents us from acquiring a fertility center for a purchase price in excess of \$5.5 million (increasing to \$6.0 million after August 31, 2010) without the prior written consent of our lender. In addition, our credit agreement prevents us from making acquisitions of fertility centers that aggregate in excess of \$11 million for the period from August 1, 2009 through July 31, 2010, or that exceed \$12 million for the period after August 1, 2010. If we identify fertility centers that we want to acquire in excess of limits in our credit agreement and do not obtain the consent of our lender to those acquisitions, we may not be able to execute on our strategy.

We may not have adequate protection for our intellectual property rights.

Trade secrets and other proprietary information not protected by patents are critical to our business. Our sole means of protecting this information is to utilize confidentiality agreements with employees, third parties and consultants. If these agreements are breached, another entity could obtain our trade secrets and proprietary information and attempt to replicate our business model, which could have an adverse effect on our business.

Table of Contents

Risks Relating to an Investment in our Common Stock

The trading price of our common stock could be subject to volatility.

The average daily trading volume of our shares of common stock on the Nasdaq Global Market for the nine months ended September 30, 2009 was approximately 7,158 shares. Because the shares of our common stock are lightly traded, they are subject to volatile price fluctuations, which may make it difficult for you to sell our common stock when you want or at prices you find attractive. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could result in substantial costs, potential liabilities and the diversion of management's attention and resources, and could have a material adverse effect on our financial condition.

Future sales or the potential for future sales of our common stock may cause the trading price of our common stock to decline.

Sales of a substantial number of shares of our common stock by our two largest stockholders, or by any of our other significant stockholders, or the perception that these sales may occur, could cause the market price of our common stock to decline. Approximately 40% of our outstanding common stock is held by two investor groups. If either of these groups, or any other significant stockholders, were to attempt to sell all or part of their positions in the public market, our stock price could fall substantially.

In addition, our directors and executive officers, who held an aggregate of 741,025 shares of our common stock as of August 31, 2009, are subject to lock-up agreements that restrict their ability to transfer their shares of our common stock for 90 days following the date of this prospectus. The market price of shares of our common stock may decrease if a significant number of these shares are sold when the restrictions on their sale lapse.

We will have broad discretion in applying the net proceeds of this offering and may not use those proceeds in ways that will enhance the market value of our common stock.

We have significant flexibility in applying the net proceeds we will receive in this offering. We will use the proceeds that we receive from the sale of common stock in this offering for working capital and general corporate purposes. As part of your investment decision, you will not be able to assess or direct how we apply these net proceeds. If we do not apply these funds effectively, we may lose significant business opportunities. Furthermore, our stock price could decline if the market does not view our use of the net proceeds from this offering favorably.

You will incur immediate and substantial dilution as a result of this offering.

The public offering price per share of our common stock in this offering is substantially higher than the net tangible book value per share of our outstanding common stock. As a result, you will incur immediate and substantial dilution of \$ per share, representing the difference between the assumed public offering price of \$9.37 per share and our tangible net book value per share as of June 30, 2009.

Our future capital needs could result in dilution of your investment.

Our board of directors may determine from time to time that there is a need to obtain additional capital through the issuance of additional shares of our common stock or other securities. These issuances would likely dilute the ownership interests of the investors in this offering and may dilute the net tangible book value per share of our common stock. Investors in subsequent offerings may also have

Table of Contents

rights, preferences and privileges senior to our current stockholders which may adversely impact our current stockholders.

We do not intend to pay cash dividends on our common stock for the foreseeable future.

We have not paid cash dividends on our common stock during the last two fiscal years, and we do not expect to pay cash dividends on our common stock at any time in the foreseeable future. The future payment of dividends directly depends upon our future earnings, capital requirements, financial requirements and other factors that our board of directors will consider. In addition, our credit agreement prohibits us from paying cash dividends on our common stock. Because we do not anticipate paying cash dividends on our common stock in the foreseeable future, the return on your investment on our common stock will depend solely on a change, if any, in the market value of our common stock.

Our certificate of incorporation, by-laws and Delaware law could limit another party's ability to acquire us, even if an acquisition would be beneficial to our stockholders.

A number of provisions in our certificate of incorporation and by-laws make it difficult for another company to acquire us, even if doing so would benefit our stockholders. For example, our certificate of incorporation authorizes our board of directors to issue blank check preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval. The rights of holders of our common stock could be adversely affected by the terms of any preferred stock that may be issued in the future. In addition, our by-laws limit the ability of our stockholders to call special meetings or fill vacancies on the board.

Also, Section 203 of the Delaware General Corporation Law generally limits our ability to engage in any business combination with certain persons who own 15% or more of our outstanding voting stock or any of our associates or affiliates who at any time in the past three years have owned 15% or more of our outstanding voting stock. These provisions may have the effect of entrenching our management team and may deprive you of the opportunity to sell your shares to potential acquirers at a premium over prevailing prices. This potential inability to obtain a control premium could reduce the price of our common stock.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information included in this prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), the attainment of which involves various risks and uncertainties. All statements other than statements of historical fact included in this prospectus are forward-looking statements. 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.

These forward-looking statements are based on assumptions that we have made in light of our experience in the industry in which we operate, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this prospectus, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (some of which are beyond our control) and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial condition or results of operations and cause actual results to differ materially from those in the forward-looking statements. These factors include, among other things:

termination of any of our Partner fertility center agreements for any reason;

an inability to identify attractive candidates for our Partner Program, successfully negotiate contract acquisition terms with Partner candidates or effectively integrate new Partners;

an inability to recruit or retain suitable physicians to open and operate our vein clinics;

less than expected growth in the vein care market, especially for minimally invasive procedures in which our vein clinics specialize;

termination or adverse changes to the terms of our reimbursement arrangements with third-party payors;

decreases in reimbursement rates from third-party payors, either in markets where we and our Partner and Affiliate fertility centers and vein clinics currently operate or into which we plan to expand;

adoption of new laws or regulations applicable to fertility centers or vein clinics, either in markets where we and our Partner and Affiliate fertility centers and vein clinics currently operate or into which we plan to expand;

changing patterns of enforcement or new interpretations of existing laws and regulations;

the occurrence of adverse medical outcomes at one or more of our Partner or Affiliate fertility centers or vein clinics, or other events that adversely affect the reputation of those centers or clinics or the physicians who work at those centers or clinics;

development of new technologies that our Partner or Affiliate fertility centers or vein clinics do not adopt;

an increase in litigation against us, our Partner fertility centers or vein clinics or the physicians who work at those centers and clinics;

Table of Contents

an inability to obtain insurance on commercially reasonable terms, the adequacy of insurance to address claims to which we, or our Partner fertility centers or vein clinics, are subject, or the inability of an insurer to pay amounts owed to us or our Partner fertility centers or vein clinics for a claim;

an increase in the competition that we and our Partners fertility centers or vein clinics face; and

other factors discussed under the headings Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations and Business.

Because of these factors, we caution that you should not place undue reliance on any of our forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We are under no obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately \$ million, or approximately \$ million if the underwriters exercise their over-allotment option in full, based on the assumed offering price and after deducting the estimated underwriting discounts and commissions and offering expenses payable by us related to this offering.

We intend to use the net proceeds of this offering for general working capital and other corporate purposes, including funding potential contract acquisitions of Partner fertility centers.

Table of Contents**PRICE RANGE OF COMMON STOCK**

Our common stock is traded on the Nasdaq Global Market under the symbol INMD. The following table sets forth, for the periods indicated, the high and low closing sales prices per share of our common stock, as reported on the Nasdaq Global Market:

	High	Low
2009		
Fourth Quarter (through October 1, 2009)	\$ 9.37	\$ 9.37
Third Quarter	\$ 10.25	\$ 7.03
Second Quarter	\$ 7.99	\$ 5.81
First Quarter	\$ 7.45	\$ 5.60
2008		
Fourth Quarter	\$ 6.97	\$ 4.80
Third Quarter	\$ 8.17	\$ 6.01
Second Quarter	\$ 10.23	\$ 7.07
First Quarter	\$ 11.95	\$ 8.50
2007		
Fourth Quarter	\$ 14.20	\$ 11.32
Third Quarter	\$ 12.43	\$ 10.06
Second Quarter	\$ 13.05	\$ 10.70
First Quarter	\$ 12.30	\$ 11.27

On October 1, 2009, the closing sale price per share of our common stock was \$9.37, as reported on the Nasdaq Global Market. On September 30, 2009, there were 103 holders of record of our common stock. This figure does not include persons or entities who hold their common stock 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 our business. In addition, our credit agreement prohibits us from paying cash dividends on our common stock. Therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

Table of Contents**CAPITALIZATION**

The following table describes our capitalization as of June 30, 2009 on an actual basis and as adjusted to reflect our sale of 4,000,000 shares of common stock in this offering at an assumed offering price of \$9.37 per share, the last reported sale price for our common stock on October 1, 2009, as reported by the Nasdaq Global Market, after deducting estimated underwriting discounts and commissions and offering expenses payable by us related to this offering.

You should read this capitalization table together with the consolidated financial statements and related notes appearing elsewhere in this prospectus, as well as Use of Proceeds, Management's Discussion and Analysis of Financial Condition and Results of Operations and the other financial information included elsewhere in this prospectus.

	As of June 30, 2009	
	Actual	As Adjusted⁽¹⁾
	(unaudited)	
	(in thousands, except share data)	
Debt:		
Current portion of long-term notes payable and other obligations	\$ 11,329	\$
Long-term notes payable and other obligations	16,836	
Total notes payable and other obligations ⁽²⁾	28,165	
Shareholders' equity:		
Common stock, \$0.01 par value; 15,000,000 shares authorized, actual and as adjusted; 8,774,994 shares issued and outstanding, actual; 12,774,994 shares issued and outstanding as adjusted ⁽³⁾	88	
Capital in excess of par	55,702	
Other comprehensive loss	(293)	
Treasury stock, at cost; 46,408 shares, actual and as adjusted	(375)	
Accumulated deficit	(1,657)	
Total shareholders' equity	53,465	
Total capitalization	\$ 81,630	\$

(1) Assumes no exercise of the underwriters' over-allotment option.

(2) As of June 30, 2009, we had \$2,500,000 available under our line of credit that was unused.

(3) Excludes 215,841 shares of common stock issuable upon exercise