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

FORM 8-K

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

Date of Report (Date of earliest event reported) May 9, 2006

BioScrip, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

0-28740
(Commission
File Number)

05-0489664
(IRS Employer
Identification No.)

100 Clearbrook Road, Elmsford, New York
(Address of Principal Executive Offices)

10523
(Zip Code)

Registrant's telephone number, including area code **(914) 460-1600**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Section Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240-14d-2(b)).
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).
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Item 2.02 Results of Operations and Financial Condition.

On May 9, 2006, BioScrip, Inc. issued a press release reporting its earnings for the quarter ended March 31, 2006. A copy of that press release is furnished with this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

As provided in General Instruction B.2 to Form 8-K, the information furnished in this Item 2.02 and in Exhibit 99.1 hereto shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing with the Securities and Exchange Commission, except as shall be expressly provided by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits. The following information is furnished as an exhibit to this Current Report:

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Press Release dated May 9, 2006.

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 duly authorized.

Date: May 9, 2006

BIOSCRIP, INC.

By: /s/ Gregory H. Keane
Gregory H. Keane,
Chief Financial Officer

**News Release****BIOSCRIP ANNOUNCES FIRST QUARTER 2006 FINANCIAL RESULTS
- - Revenues in Line with Expectations -**

Elmsford, NY — May 9, 2006 — BioScrip, Inc. (NASDAQ: BIOS) today reported first quarter 2006 revenue of \$299.7 million and a net loss of \$1.2 million or \$0.03 per diluted share compared to revenue of \$188.4 million and net income of \$1.7 million or \$0.06 per diluted share in the same period a year ago.

Executive Chairman, Richard H. Friedman stated, “Our first quarter revenues are in line with our expectations. As a result of our recent efforts, collections are improving and we expect to revise favorably our bad debt reserve rate in future periods. However, we recognize that our operating expenses are high and there is still work to be done in reducing costs. We will focus on improving operating efficiencies while strategically growing our business.”

First Quarter Reported Results

First quarter 2006 revenue rose 59% to \$299.7 million, compared to \$188.4 million in the same period a year ago. Gross profit for the first quarter 2006 was \$30.3 million, an increase of \$9.9 million from the same period of 2005. Gross profit was 10.1% of revenue in the first quarter 2006 compared to 10.9% in the comparable period of last year. The gross profit rate decline is primarily due to payor reimbursement pressure and cost increases on certain drugs. First quarter 2006 operating expense was \$31.9 million, an increase of \$14.4 million over first quarter 2005.

The increases in revenue, gross profit and operating expenses are primarily due to the acquisition of Chronimed Inc., which closed on March 12, 2005. The increases in revenue associated with the merger were partially offset by decreases in revenue from previously reported customer contract terminations.

In the first quarter 2006, the Company incurred \$0.3 million in severance related to the previously communicated retirement of its CEO. This severance accrual will continue at \$0.3 million per month through June 2006. The Company also incurred \$0.6 of million stock option expense under the new financial accounting standard FAS 123(R). The Company recorded no stock option expense in 2005. Bad debt expense in the first quarter was \$2.3 million compared to \$0.7 million in the same period a year ago, reflecting the acquisition of Chronimed in March 2005 and an increased bad debt reserve rate while the Company works to improve its collection experience. The Company’s reserve rate for first quarter 2006 was 0.77% of revenue compared to proforma 0.52% of revenue in last year’s first quarter.

Net loss was \$1.2 million or \$0.03 per diluted share for the first quarter 2006 compared with net income of \$1.7 million or \$0.06 per diluted share for the first quarter 2005.

First Quarter Proforma Results

Proforma results are presented in Schedule 3 to provide comparability between first quarter 2006 and first quarter 2005. These results include the financial performance of Chronimed, Inc. as if it were acquired January 1, 2005.

Revenue for the first quarter 2006 was \$299.7 million, a decrease of \$2.8 million or 1% from proforma first quarter 2005. First quarter 2006 PBM Services revenue was \$96.1 million, an increase of \$3.4 million or 4% from the prior year quarter, primarily due to increased traditional mail volume. This increase was partially offset by Centene Corporation, the Company's largest PBM customer, beginning the transition of its PBM plans during the first quarter 2006. First quarter 2006 Specialty Services revenue was \$203.6 million, a decrease of \$6.2 million due primarily to the termination of Chronimed's Aetna contract, effective February 28, 2005, offset by the acquisition of Northland Pharmacy in October 2005 and strong growth in infusion sales.

Gross profit for the first quarter was \$30.3 million, a decrease of \$3.0 million or 9.1% from the proforma first quarter 2005. Gross profit as a percentage of revenue declined from 11.0% in proforma first quarter 2005 to 10.1% in first quarter 2006. The lower gross profit as a percentage of revenue is due to a reduction in reimbursement rates, changes in product and therapy mix and higher product costs during the quarter.

Selling, general and administrative ("SG&A") expenses for the quarter were \$27.9 million, an increase of \$1.8 million or 7% compared to \$26.0 million in the same period a year ago. The increase is due primarily to increased spending in the Specialty Services segment, along with stock option expense and CEO severance costs as discussed above. As previously noted, the Company expects the severance accrual to continue at \$0.3 million per month through June 2006.

Bad debt expense for the quarter was \$2.3 million, an increase of \$0.7 million compared to \$1.6 million in the same period a year ago. The Company has added resources to improve collections performance with the goal of reducing bad debt expense to historical levels.

Net loss was \$1.2 million or \$0.03 per diluted share for the first quarter 2006 compared with proforma net income of \$0.9 million or \$0.02 per diluted share for the first quarter 2005.

Mr. Friedman concluded, "We remain focused on sales growth, including the CAP program commencing July 1, furthering our relationships with manufacturers and making progress towards cost reductions."

Conference Call Information

BioScrip will host a conference call to discuss first quarter 2006 financial results on Tuesday, May 9, 2006 10:00 a.m. EDT. Interested parties may participate in the conference call by dialing 888-343-7139 (US), or 415-537-1986 (International), 5-10 minutes prior to the start of the call. A replay of the conference call will be available from 12:00 PM EDT on May 9, 2006 through 12:00 PM ET on May 16, 2006, by dialing 800-633-8284 (US), or 402-977-9140 (International), and entering reservation #21291037. A webcast and archive of the conference call will also be available under the investor relations section of the BioScrip website, www.bioscrip.com.

About BioScrip, Inc.

BioScrip provides comprehensive pharmaceutical care solutions. We partner with healthcare payors, pharmaceutical manufacturers, government agencies, physicians, and patients to deliver cost effective programs that enhance the quality of patient life. We focus our products and services in two core areas: Specialty medication distribution and clinical management services, both nationally and community-based, and Pharmacy Benefit Management services. Our specialty medication distribution capabilities include condition-specific clinical management programs tailored to improve the care of individuals with complex health conditions such as HIV/AIDS, Cancer, Infusion IVIG, Hepatitis C, Rheumatoid Arthritis, Multiple Sclerosis, and Transplantation. Our complete pharmacy benefit management programs include customized benefit plan design, pharmacy network management and sophisticated reporting capabilities that deliver improved clinical and economic outcomes. In addition, we have 34 locations including community and infusion pharmacies in major metropolitan markets across the U.S., providing nationwide access and clinical management capabilities in a high-touch community-based environment.

Forward Looking Statements

This press release may contain statements which constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the intent, belief or current expectations of the Company, its directors, or its officers with respect to the future operating performance of the Company and our success with respect to the integration and consolidation. Investors are cautioned that any such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward looking statements as a result of various factors. Important factors that could cause such differences are described in the Company's periodic filings with the Securities and Exchange Commission.

Notes to Press Release Tables

BioScrip's first quarter 2005 financial results include Chronimed Inc. financial results for the nineteen days from the acquisition date, March 12, 2005 through March 31, 2005.

See Schedule 3 for a reconciliation of the differences between the non-GAAP financial measures and the most directly comparable GAAP financial measures. As required by Regulation G, the Company has provided a quantitative comparison between GAAP and disclosed non-GAAP financial measures. The non-GAAP measures presented provide important insight into the ongoing operations and a meaningful comparison of revenue, gross profit, operating expense, operating income, net income and earnings per share.

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FINANCIAL TABLES FOLLOW

BIOSCRIP, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended	
	Mar. 31, 2006	Mar. 31, 2005 (a)
Revenue	\$299,718	\$188,398
Cost of revenue	269,388	167,951
Gross profit	30,330	20,447
<i>% of Revenue</i>	10.1%	10.9%
Selling, general and administrative expenses	27,886	15,551
Bad debt expense	2,299	733
Amortization of intangibles	1,622	891
Merger and integration expenses	131	387
Total operating expenses	31,938	17,562
<i>% of Revenue</i>	10.7%	9.3%
(Loss) income from operations	(1,608)	2,885
Interest expense, net	450	153
(Loss) income before income taxes	(2,058)	2,732
(Benefit from) provision for income taxes	(902)	1,065
Net (loss) income	\$ (1,156)	\$ 1,667
Basic net (loss) income per share	\$ (0.03)	\$ 0.07
Diluted net (loss) income per share	\$ (0.03)	\$ 0.06
Basic weighted-average shares	37,202	25,586
Diluted weighted-average shares	37,202	25,980

(a) Includes the results of operations of MIM for the full quarter and of Chronimed Inc. from March 13, 2005 through March 31, 2005.

BIOSCRIP, INC
CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 31, 2006 (unaudited)	December 31, 2005
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,034	\$ 1,521
Receivables, less allowance for doubtful accounts of \$13,082 and \$14,406 at March 31, 2006 and December 31, 2005, respectively	123,816	118,762
Inventory	29,404	25,873
Prepaid expenses and other current assets	1,635	2,054
Deferred taxes	12,295	11,225
Total current assets	172,184	159,435
Property and equipment, net	9,689	9,232
Other assets and investments	942	939
Goodwill	114,937	104,268
Intangible assets, net	13,591	14,713
Total assets	\$ 311,343	\$ 288,587
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Line of credit	\$ 30,218	\$ 7,427
Accounts payable	50,307	39,969
Claims payable	20,342	31,402
Payables to plan sponsors	1,686	1,695
Accrued expenses and other current liabilities	10,351	11,454
Total current liabilities	112,904	91,947
Deferred taxes	2,383	875
Total liabilities	115,287	92,822
Stockholders' equity		
Preferred stock, \$.0001 par value; 5,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$.0001 par value; 75,000,000 shares authorized, 37,220,838 shares issued and outstanding at March 31, 2006; 37,094,252 shares issued and outstanding at December 31, 2005;	4	4
Treasury stock, 2,198,076 shares at cost	(8,002)	(8,002)
Additional paid-in capital	236,405	234,958
Accumulated deficit	(32,351)	(31,195)
Total stockholders' equity	196,056	195,765
Total liabilities and stockholders' equity	\$ 311,343	\$ 288,587

BIOSCRIP, INC
PROFORMA CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,				
	BioScrip, Inc. 2006	Reported 2005(a)	MIM Corp. Chronimed Pre-Merger	Pro Forma Adjust (b)	Pro Forma Combined 2005
Revenue	\$299,718	\$188,398	\$114,079	—	\$302,477
Cost of revenue	269,388	167,951	101,155	—	269,106
Gross profit	30,330	20,447	12,924	—	33,371
<i>% of Revenue</i>	10.1%	10.9%	11.3%		11.0%
Selling, general and administrative expenses	27,886	15,551	10,498	—	26,049
Bad debt expense	2,299	733	840	—	1,573
Amortization of intangibles	1,622	891	—	958	1,849
Merger and integration expenses	131	387	2,037	—	2,424
Total operating expenses	31,938	17,562	13,375	958	31,895
<i>% of Revenue</i>	10.7%	9.3%	11.7%		10.5%
(Loss) income from operations	(1,608)	2,885	(451)	(958)	1,476
Interest expense (income), net	450	153	(84)	—	69
(Loss) income before income taxes	(2,058)	2,732	(367)	(958)	1,407
(Benefit from) provision for income taxes	(902)	1,065	(143)	(373)	549
Net (loss) income	\$ (1,156)	\$ 1,667	\$ (224)	\$ (585)	\$ 858
Basic net (loss) income per share	\$ (0.03)	\$ 0.07			\$ 0.02
Diluted net (loss) income per share	\$ (0.03)	\$ 0.06			\$ 0.02
Basic weighted-average shares	37,202	25,586			36,802
Diluted weighted-average shares	37,202	25,980			37,165

(a) Includes the results of operations of MIM for the full quarter and of Chronimed Inc. from March 13, 2005 through March 31, 2005.

(b) Reflects estimated additional amortization expense for the quarter.

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