

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

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) January 28, 2011

BIOSCRIP, INC.

(Exact name of Registrant as specified in its charter)

**Delaware
(State of Incorporation)**

**0-28740
(Commission File Number)**

**05-0489664
(I.R.S. 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

**N/A
(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 Securities 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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 31, 2011, BioScrip, Inc. (the "Company") announced that Mary Jane "MJ" Graves, the former Chief Financial Officer of Critical Homecare Solutions, Inc. ("CHS"), which was acquired by the Company in 2010, was appointed interim Chief Financial Officer and Treasurer of the Company by the Company's board of directors ("Board"). Her appointment was effective Monday January 31, 2011. Ms. Graves, 49, succeeds David W. Froesel, Jr., the Company's former Executive Vice President, Chief Financial Officer and Treasurer, who resigned from his position for personal reasons effective as of January 28, 2011.

In connection with the appointment of Ms. Graves, the Company entered into an engagement letter (the "Engagement Letter") with Ms. Graves dated January 31, 2011. The terms of the Engagement Letter provide for Ms. Graves to serve as the Company's CFO on an interim basis. Ms. Graves will be compensated for her services at a rate of \$250 per hour. The Company will also be responsible for Ms. Graves' out-of-pocket expenses related to her services. It is estimated that Mr. Graves' annual compensation will be approximately \$480,000.

The foregoing summary is qualified in its entirety by reference to the complete text of the Engagement Letter, a copy of which is filed with this Current Report on Form 8-K as Exhibit 10.1 and which is incorporated herein by reference. The press release issued on January 31, 2011 by the Company announcing Ms. Graves' appointment and the resignation of Mr. Froesel is filed with this Current Report on Form 8-K as Exhibit 99.1

Item 8.01 Other Events.

On January 31, 2011, an independent arbitrator in an arbitration brought by JPD, Inc. and James P. DiCello, the sellers of Northland Medical Pharmacy ("Northland"), which was purchased in late 2005 by Chronimed Holdings, Inc. ("Chronimed"), a wholly-owned subsidiary of the Company, entered an interim award against the Company in the amount of \$3,893,000. The arbitration is more fully described in the Company's Annual Report on Form 10-K for the year ended December 31, 2009. This non-recurring one-time expense will impact the Company's fourth quarter 2010 earnings. The Company is considering its options with respect to the ruling.

Also on January 31, 2011, the Company issued a press release in which it provided an update of its ongoing strategic assessment to improve financial and operational performance. A copy of that press release is filed with this Current Report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits

The following exhibits are being filed herewith:

Exhibit No.	Description
3.2	Amended and Restated Bylaws of BioScrip, Inc.
10.1	Engagement Letter, dated as of January 31, 2011, by and between the Company and Mary Jane Graves.
99.1	Press Release, dated January 31, 2011.
99.2	Press Release, dated January 31, 2011.

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 hereunto duly authorized.

BIOSCRIP, INC.

Date: February 3, 2011

By: /s/ Barry A. Posner
Barry A. Posner
Executive Vice President, Secretary and General Counsel

January 31, 2011

Rick Smith
Bioscrip, Inc.
100 Clearbrook Rd
Elmsford, NY 10523

Re: Engagement of MJ Graves and Interim CFO, PFO and Treasurer

Dear Mr. Smith:

The purpose of this letter is to confirm your engagement of me by Bioscrip, Inc. ("the Company" or "you") to serve as your interim Chief Financial Officer ("CFO"), principal financial officer ("PFO") and treasurer. I am looking forward to working with you as your interim CFO and PFO, and in the transition period following your employment of a permanent CFO. This letter agreement outlines the terms of our engagement to provide these consulting services to you.

I agree to provide the services described on Schedule A to this engagement letter (the "Services"). In the event we both agree to a change in the scope of the Services, Schedule A will be amended accordingly. You acknowledge that any change in scope or timeline may result in a change in our fees.

In connection with me providing the Services, you will be responsible for paying the fees described on Schedule A and any expenses I incur for your benefit. My bills will include a separate itemization of expenses that I have paid or incurred on your behalf. I generally send invoices bi-monthly.

My invoices will be due fifteen (15) days from the date of each invoice. If any invoice is not paid within thirty (30) days of the invoice date, I may, at my option, refuse to continue the work until my fees and expenses are brought current, charge interest on amounts past due, and/or terminate my relationship with you. Either party to this agreement may terminate the engagement, upon notice, for any reason. Regardless of the reason for the termination of the engagement, Bioscrip will remain responsible for paying for work performed and costs incurred or advanced through the date of the termination. Bioscrip agrees to pay my reasonable expenses, including attorney's fees, in the event litigation is required to collect an outstanding balance due.

I agree that I shall both comply with all applicable federal and state laws concerning the confidentiality and security of health-related information, including, without limitation, the terms set forth in the Protected Health Information Addendum which is incorporated by reference and made a part of our agreement. Bioscrip shall ensure that (a) it only transmits health related information to me for which it has all consents and authorizations necessary to permit such disclosure and to permit me to perform the Services; (b) any Company policies or notices of privacy practices do not conflict with or limit the ability of me to perform the Services; (c) in the event the Company agrees to provide additional privacy protections to information relating to an individual, the Company notifies me of such limitations on the date such information is transmitted to me or the date on which the Company makes such an agreement, whichever is later; and (d) in the event that an individual revokes an authorization or consent given to the Company that pertains to the use or disclosure of information previously transmitted to me, the Company promptly notifies me of such revocation.

In consideration of me signing this engagement letter and agreeing to act as your Interim CFO, PFO and treasurer, you will provide me indemnification to the fullest extent permitted by the Company's by-laws and Delaware law.

Our agreement shall be governed by the laws of the State of Delaware, without reference to its conflicts of law principles.

Please let me know if the Company has any objection to these terms. If these terms are acceptable to Bioscrip, please have an authorized agent of the Company sign below and return an original signed copy of this engagement letter to my attention.

Thank you for this opportunity to work with you.

Sincerely,

Mary Jane Graves

**TERMS OF ENGAGEMENT
APPROVED AND ACCEPTED:**

Bioscrip, Inc.

By: _____
Title: _____
Date: _____



Schedule A

Scope of Services

MJ Graves will be serving as Interim Chief Financial Officer, Principal Financial Officer and Treasurer for Bioscrip, reporting directly to Mr. Smith and the board of directors, as appropriate. In this role, Ms. Graves will have the responsibilities and authorities normally assigned to the office of the CFO and as granted by the Company's board of directors.

Timeline

It is anticipated the engagement will commence on January 31, 2011. The engagement may be terminated at any time by notice from either party.

Fees and Expenses

MJ's time will be billed at a rate of \$250 per hour. Out-of-pocket and other incremental expenses will be billed in addition to MJ's professional fees. It is estimated that monthly professional fees for the engagement will be approximately \$40,000. Any professional fees in excess of this estimate will be approved in advance with Mr. Smith.



MJ Graves Appointed Interim Chief Financial Officer of BioScrip

ELMSFORD, N.Y., Jan 31, 2011 (BUSINESS WIRE) -- BioScrip (NASDAQ: BIOS) today announced that Mary Jane "MJ" Graves, former Chief Financial Officer of Critical Homecare Solutions, Inc. ("CHS"), which was acquired by BioScrip in 2010, has been appointed Interim CFO by the Company's Board of Directors, effective immediately. David W. Froesel, Jr. has resigned as Executive Vice President, Chief Financial Officer and Treasurer.

"We are delighted to have MJ join the BioScrip team as Interim CFO," said Richard M. Smith, President and Chief Executive Officer of BioScrip. "MJ is a seasoned executive with nearly 30 years of financial and accounting experience. She is extensively familiar with BioScrip and particularly our home infusion and home health assets as a result of her tenure at CHS. In addition, as a consultant, MJ has played an integral role in the execution strategy developed as a result of our strategic assessment. We look forward to working with her as we continue to execute our plan for the future."

Mr. Froesel advised the Company that his decision was based on personal reasons. The Company noted that Mr. Froesel indicated that his decision was not related to any disputes with management, the Company's strategic assessment, or issues regarding the integrity of the Company's financial statements or accounting policies and practices.

About MJ Graves

MJ Graves, a Certified Public Accountant, has nearly 30 years of financial and accounting experience, primarily in the healthcare sector. As the co-founder and managing director of MCG Resources, a financial consulting firm serving healthcare providers and private equity firms, she has been assisting BioScrip with its strategic assessment and has advised other clients in the development and execution of their CFO and finance functions, restructuring plans, financing and operating strategies, and acquisition and divestiture initiatives. From 2006 until it was sold to BioScrip in 2010, she served as Chief Financial Officer at Critical Homecare Solutions, Inc., a start-up home infusion company sponsored by Kohlberg Partners. Prior to that, she served as Chief Executive Officer and Chief Financial Officer at Superior Renal Care, Inc., a multi - -facility outpatient dialysis provider. Previously, Ms. Graves served as President and Chief Operating Officer at StadtSolutions, LLP, a specialty pharmacy. She held various managerial roles at specialty pharmacy, Stadlander Drug Distribution Co, including Chief Financial Officer and Executive Vice President of Operations.

About BioScrip

BioScrip, Inc. (www.bioscrip.com) (Nasdaq: BIOS) is a national provider of specialty pharmacy and home care products and services that partners with patients, physicians, hospitals, healthcare payors and pharmaceutical manufacturers to provide clinical management solutions and delivery of cost-effective access to prescription medications. Our services are designed to improve clinical outcomes for chronic and acute healthcare conditions while controlling overall healthcare costs.

Joelle Frank, Wilkinson Brimmer Katcher
Dan Katcher / Bryan Darrow
212-355-4449



BioScrip Provides Update on Strategic Assessment to Improve Financial and Operational Performance

ELMSFORD, N.Y., Jan 31, 2011 (BUSINESS WIRE) -- BioScrip (NASDAQ: BIOS) today provided an update of its ongoing strategic assessment and the execution of its plan. The Company is in the process of implementing a two-phased initiative, to include reducing costs and streamlining operations, and to focus the strategic direction of BioScrip on its high-margin businesses.

The Company is taking steps towards improving its financial and operational performance. The Company has initially identified cost reduction programs that will generate approximately \$15 million in annualized savings. Many of the cost savings programs will be implemented during the first half of 2011, with the balance to be completed by year-end and fully realized in 2012. Savings are expected to come from a number of areas, including corporate overhead, restructuring of the employee benefits program, and reduction of drug and non-drug spend.

"Our leadership team has been undertaking an in-depth review of our organization to improve margins and increase operating cash flow," said Richard M. Smith, President and Chief Executive Officer of BioScrip. "While we are in the midst of this process and the early stages of implementing our plan, we believe there are additional areas for operational improvement and cost savings. Consistent with our commitment to deliver enhanced value to BioScrip shareholders, we are focusing our efforts on increasing revenue in our high-margin Infusion and Home Health businesses, and believe they represent the greatest opportunity for future revenue and earnings growth."

As previously announced on November 2, 2010, BioScrip withdrew its revenue, gross profit, net income, Adjusted EBITDA and EPS financial guidance for the full-year 2010, as well as fourth quarter 2010 revenue guidance. As part of its strategic assessment, management is working to identify key metrics in order to provide analysts and investors with greater transparency into the business and reported segments, as well as its guidance model for 2011.

BioScrip will host a conference call today, January 31, 2011, at 5:00 PM Eastern Standard Time, to provide additional detail on the Company's ongoing strategic assessment. A live audio webcast of the event may be accessed at event.on24.com/r.htm?e=281225&s=1&k=F40F8B406EEC34EBA87AE83ACFB7E16C.

Interested parties may participate in the conference call by dialing (866) 464-2449 (US), or (973) 935-2840 (International), 5-10 minutes prior to the start of the call. Please reference conference call ID number: 39798876. A replay of the conference call will be available for 48 hours after the call's completion by dialing (800) 642-1687 and entering conference call ID number: 39798876. An audio webcast and archive will also be available for 90 days under the "Investor Relations" section of the BioScrip website at <http://www.bioscrip.com>.

About BioScrip

BioScrip, Inc. (<http://www.bioscrip.com>) (Nasdaq: BIOS) is a national provider of specialty pharmacy and home care products and services that partners with patients, physicians, hospitals, healthcare payors and pharmaceutical manufacturers to provide clinical management solutions and delivery of cost-effective access to prescription medications. Our services are designed to improve clinical outcomes for chronic and acute healthcare conditions while controlling overall healthcare costs.

Forward Looking Statements-Safe Harbor

Statements contained in this press release that express a belief, expectation, anticipation or intent are considered forward-looking statements and are protected under the Safe Harbor of Private Securities Litigation and Reform Act. These forward-looking statements are based on information available to the Company today, and the Company assumes no obligation to update statements as circumstances change. These forward-looking statements may involve a number of risks and uncertainties, which may cause the Company's results to differ materially from such statements.

Forward-looking statements are subject to inherent risks and uncertainties surrounding future expectations generally and may differ materially from actual future experience. Risks and uncertainties that could affect forward-looking statements include the failure to realize annualized cost savings associated with any restructuring or cost reduction efforts, our ability to leverage core competencies or maximize margins and operating cash flow generation, and the risks described from time to time in the Company's reports filed with the SEC, including the Company's annual report on Form 10-K for the year ended December 31, 2009 and the Company's quarterly reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010.

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