

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): August 27, 2015

BIOSCRIP, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State of Incorporation)

000-28740
(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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Section 2 – Financial Information

Item 2.01. Completion of Acquisition or Disposition of Assets.

On August 27, 2015 (the “Closing Date”), BioScrip, Inc. (the “Company”) completed its previously announced sale of the Company’s PBM Services segment (the “PBM Business”) pursuant to the Asset Purchase Agreement dated as of August 9, 2015 (the “Asset Purchase Agreement”) by and among the Company, BioScrip PBM Services, LLC and ProCare Pharmacy Benefit Manager Inc. (the “Buyer”). Under the Asset Purchase Agreement, the Buyer agreed to acquire substantially all of the assets used solely in connection with the PBM Business and to assume certain PBM Business liabilities (the “PBM Sale”).

On the Closing Date, pursuant to the terms of the Asset Purchase Agreement, the Company received total cash consideration of approximately \$25.6 million, including an adjustment for estimated Closing Date net working capital (the “Purchase Price”). The Company used the net proceeds from the PBM Sale to pay down a portion of the Company’s outstanding debt. The Purchase Price is subject to adjustment following the completion of a post-closing calculation of the total net working capital of the PBM Business as of the Closing Date.

A copy of the Asset Purchase Agreement was filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on August 10, 2015 and is incorporated herein by reference. We encourage you to read the Asset Purchase Agreement for a more complete understanding of the PBM Sale. The foregoing description of the Asset Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Asset Purchase Agreement. The Company is filing as an exhibit the Company’s unaudited pro forma consolidated financial information with respect to the PBM Sale, which is included as Exhibit 99.1.

Section 8 – Other Events

Item 8.01. Other Events.

On August 31, 2015, the Company issued a press release announcing the completion of the PBM Sale and providing an update on the Company’s previously announced financial improvement plan (the “Press Release”). A copy of the Press Release is attached to this Current Report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(b) Pro forma financial information

The following unaudited pro forma condensed combined financial statements are attached to this Current Report on Form 8-K as Exhibit 99.1 and are incorporated herein by reference:

- Unaudited Pro Forma Consolidated Balance Sheet as of June 30, 2015;
- Unaudited Pro Forma Consolidated Statement of Operations for the fiscal year ended December 31, 2014;
- Unaudited Pro Forma Consolidated Statement of Operations for the six months ended June 30, 2015; and
- Notes to Unaudited Pro Forma Consolidated Financial Information.

(d) Exhibits.

See the Exhibit Index which is hereby incorporated by reference.

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: August 31, 2015

/s/ Kathryn M. Stalmack

By: Kathryn M. Stalmack
Senior Vice President, General Counsel and Secretary

EXHIBIT INDEX

Exhibit Number	Description
99.1	Unaudited Pro Forma Consolidated Financial Information of the Company.
99.2	Press Release issued by the Company, dated August 31, 2015.

BIOSCRIP, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

PBM Business Sale

On August 27, 2015, BioScrip, Inc. (the “Company”) completed its previously announced sale of the Company’s PBM Services segment (the “PBM Business”) pursuant to the Asset Purchase Agreement dated as of August 9, 2015 (the “Asset Purchase Agreement”) by and among the Company, BioScrip PBM Services, LLC and ProCare Pharmacy Benefit Manager Inc. (the “Buyer”). Under the Asset Purchase Agreement, the Buyer agreed to acquire substantially all of the assets used solely in connection with the PBM Business and to assume certain PBM Business liabilities (the “PBM Sale”). Pursuant to the terms of the Asset Purchase Agreement, the Company received total cash consideration of approximately \$25.6 million at closing, including an adjustment for estimated closing date net working capital (the “Purchase Price”).

Pro Forma Information

The accompanying unaudited pro forma consolidated statements of operations of the Company for the year ended December 31, 2014 and the six months ended June 30, 2015 are presented as if the PBM Sale had occurred on January 1, 2014. The accompanying unaudited pro forma consolidated balance sheet of the Company as of June 30, 2015 is presented as if the PBM Sale had occurred on June 30, 2015. The pro forma adjustments related to the PBM Sale do not reflect the final Purchase Price or final asset and liability balances of the Company’s PBM Business. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma consolidated financial information. The unaudited pro forma financial information is not necessarily indicative of the results of operations or financial position that might have been achieved for the dates or periods indicated, nor is it necessarily indicative of the results of operations or financial position that may occur in the future.

The historical consolidated financial information has been adjusted in the unaudited pro forma financial information to give effect to pro forma events that are (1) directly attributable to the disposal, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results. The pro forma information does not reflect several changes the Company expects to realize after the PBM Sale, because the changes are not certain. The effects of the following are not reflected in the pro forma information:

- expenses related to post-closing exit costs that may be incurred by the Company in connection with the PBM Sale,
- reduction of interest expense that is anticipated when sale proceeds are used to reduce indebtedness and
- growth through acquisition or new site development that is anticipated when proceeds of the PBM Sale are invested in the continuing business.

The following is a brief description of the amounts recorded under each of the column headings in the unaudited pro forma consolidated statements of operations and balance sheet:

Historical BioScrip

This column reflects the Company’s historical audited operating results for the year ended December 31, 2014 and the historical unaudited operating results of continuing operations and financial condition as of and for the six months ended June 30, 2015 prior to any adjustment for the PBM Sale described above.

Disposition

This column reflects the elimination of the historical operating results of the PBM Business for the year ended December 31, 2014 and the six months ended June 30, 2015 at the amounts that have been reflected in the Company's consolidated statements of operations for those periods. The disposition column on the unaudited pro forma consolidated balance sheet as of June 30, 2015 reflects the value of assets and liabilities included in the PBM Business as of that date.

Pro Forma Adjustments

This column on the unaudited pro forma consolidated balance sheet reflects the pro forma effect of the receipt and use of the approximately \$25.6 million of cash consideration from the PBM Sale, cash proceeds from borrowings under the Company's Revolving Credit Facility subsequent to June 30, 2015, and an adjustment to remove accounts receivable of the PBM Business that were retained by the Company for which collection is anticipated during the remainder of the fiscal year ending December 31, 2015.

This column on the unaudited pro forma consolidated statements of operations for the year ended December 31, 2014 and for the six months ended June 30, 2015 reflects adjustments to the Company's historical statements of operations for historical expenses that will be modified directly related to the disposition.

BIOSCRIP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
(in thousands)

	As of June 30, 2015			
	Historical BioScrip	Disposition	Pro Forma Adjustments	Pro Forma
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,172	\$ -	\$ 568(A) 6,838(B) 38,000(C)	\$ 46,578
Receivables, less allowance for doubtful accounts	131,471	(6,787)	(6,838)(B)	117,846
Inventory	42,364	-	-	42,364
Prepaid expenses and other current assets	10,396	(318)	-	10,078
Total current assets	185,403	(7,105)	38,568	216,866
Property and equipment, net	34,906	-	-	34,906
Goodwill	335,323	(12,744)	-	322,579
Intangible assets, net	7,290	-	-	7,290
Deferred financing costs	13,035	-	-	13,035
Other non-current assets	1,192	-	-	1,192
Total assets	\$ 577,149	\$ (19,849)	\$ 38,568	\$ 595,868
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Current portion of long-term debt	\$ 238	\$ -	\$ 38,000(C) (22,700)(A)	\$ 15,538
Accounts payable	77,085	(546)	(2,300)(A)	74,239
Claims payable	4,816	(4,816)	-	-
Amounts due to plan sponsors	4,254	(788)	-	3,466
Accrued interest	6,705	-	-	6,705
Accrued expenses and other current liabilities	40,923	(74)	-	40,849
Total current liabilities	134,021	(6,224)	13,000	140,797
Long-term debt, net of current portion	418,619	-	-	418,619
Deferred taxes	2,924	-	-	2,924
Other non-current liabilities	6,891	-	-	6,891
Total liabilities	562,455	(6,224)	13,000	569,231
Series A Convertible Preferred Stock	57,988	-	-	57,988
Stockholders' equity				
Preferred stock, \$.0001 par value;	-	-	-	-
Common stock, \$.0001 par value	8	-	-	8
Treasury stock, shares at cost:	(10,715)	-	-	(10,715)
Additional paid-in capital	534,100	-	-	534,100
(Accumulated deficit) / Retained earnings	(566,687)	(13,625)	25,568(A)	(554,744)
Total stockholders' (deficit) equity	(43,294)	(13,625)	25,568	(31,351)
Total liabilities and stockholders' (deficit) equity	\$ 577,149	\$ (19,849)	\$ 38,568	\$ 595,868

BIOSCRIP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except for per share amounts)

	Six months ended June 30, 2015			
	Historical BioScrip	Disposition	Pro Forma Adjustments	Pro Forma
Product revenue	\$ 480,067	\$ -	\$ -	\$ 480,067
Service revenue	43,977	32,790	-	11,187
Total revenue	524,044	32,790	-	491,254
Cost of product revenue	350,710	-	-	350,710
Cost of service revenue	40,895	25,431	-	15,464
Total cost of revenue	391,605	25,431	-	366,174
Gross profit	132,439	7,359	-	125,080
Selling, general and administrative expenses	118,140	4,277	1,701(D)	112,162
Change in fair value of contingent consideration	(72)	-	-	(72)
Bad debt expense	23,466	(45)	-	23,511
Impairment of goodwill	238,000	-	-	238,000
Acquisition and integration expenses	479	-	-	479
Restructuring and other expenses	8,266	-	-	8,266
Amortization of intangibles	2,979	-	-	2,979
Income (loss) from continuing operations	(258,819)	3,127	(1,701)	(260,245)
Interest expense, net	18,243	-	-	18,243
Loss on extinguishment of debt	-	-	-	-
Income (loss) from continuing operations before income taxes	(277,062)	3,127	(1,701)	(278,488)
Income tax expense (benefit)	(17,993)	-	(595)(E)	(17,398)
Income (loss) from continuing operations, net of income taxes	(259,069)	3,127	(1,106)	(261,090)
Income (loss) from discontinued operations, net of income taxes	(5,412)	-	-	(5,412)
Net income (loss)	(264,481)	3,127	(1,106)	(266,502)
Accrued dividends on preferred stock	(2,258)	-	-	(2,258)
Deemed dividend on preferred stock	(3,350)	-	-	(3,350)
Net income (loss) attributable to common stockholders	\$ (270,089)	\$ 3,127	\$ (1,106)	\$ (272,110)
Loss per common share				
Loss from continuing operations, basic and diluted	\$ (3.85)			\$ (3.88)
Loss from discontinued operations, basic and diluted	(0.08)			(0.08)
Net loss, basic and diluted	<u>\$ (3.93)</u>			<u>\$ (3.96)</u>
Weighted average shares outstanding, basic and diluted	<u>68,668</u>			<u>68,668</u>

BIOSCRIP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except for per share amounts)

	Year ended December 31, 2014			
	Historical BioScrip	Disposition	Pro Forma Adjustments	Pro Forma
Product revenue	\$ 901,653	\$ -	\$ -	\$ 901,653
Service revenue	82,402	61,401	-	21,001
Total revenue	984,055	61,401	-	922,654
Cost of product revenue	645,419	-	-	645,419
Cost of service revenue	77,570	43,766	-	33,804
Total cost of revenue	722,989	43,766	-	679,223
Gross profit	261,066	17,635	-	243,431
Selling, general and administrative expenses	239,810	10,878	3,750(D)	225,182
Change in fair value of contingent consideration	(7,364)	-	-	(7,364)
Bad debt expense	79,574	27	-	79,547
Impairment of goodwill	-	-	-	-
Acquisition and integration expenses	17,924	-	-	17,924
Restructuring and other expenses	15,646	-	-	15,646
Amortization of intangibles	6,555	-	-	6,555
Income (loss) from continuing operations	(91,079)	6,730	(3,750)	(94,059)
Interest expense, net	38,539	(6)	-	38,545
Loss on extinguishment of debt	2,373	-	-	2,373
Income (loss) from continuing operations before income taxes	(131,991)	6,736	(3,750)	(134,977)
Income tax expense (benefit)	11,391	-	(1,313)(E)	10,078
Income (loss) from continuing operations, net of income taxes	(143,382)	6,736	(2,438)	(147,680)
Income (loss) from discontinued operations, net of income taxes	(4,086)	-	-	(4,086)
Net income (loss)	(147,468)	6,736	(2,438)	(151,766)
Accrued dividends on preferred stock	-	-	-	-
Deemed dividend on preferred stock	-	-	-	-
Net income (loss) attributable to common stockholders	\$ (147,468)	\$ 6,736	\$ (2,438)	\$ (151,766)
Loss per common share				
Loss from continuing operations, basic and diluted	\$ (2.09)			\$ (2.22)
Loss from discontinued operations, basic and diluted	(0.06)			(0.06)
Net loss, basic and diluted	\$ (2.15)			\$ (2.28)
Weighted average shares outstanding, basic and diluted	68,476			68,476

BIOSCRIP, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

(A) The sources and uses of funds relating to the PBM Sale are as follows (in thousands):

Sources:	
Cash received as disposal consideration, including est. working capital	\$ 25,568
Uses:	
Repayment of debt	(22,700)
Estimated disposal-related transaction costs	(2,300)
Net	<u>\$ 568</u>

(B) Reflects adjustment to remove a \$6.8 million balance owed to the Company for a payment service delay. The Company anticipates collecting this balance during the remainder of the fiscal year ending December 31, 2015.

(C) Reflects cash proceeds from borrowings on the Revolving Credit Facility during the period beginning July 1, 2015 and ending August 26, 2015.

(D) Reflects certain corporate costs in 2014 and for the six months ended June 30, 2015 which are not directly eliminated as a result of the PBM Sale.

(E) Reflects the tax effect of the pre-tax pro forma adjustments at the statutory rate of 35.0%.



PRESS RELEASE

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FOR IMMEDIATE RELEASE

**BIOSCRIP PROVIDES UPDATE ON COST SAVINGS INITIATIVES AND
 PLAN TO ENHANCE SHAREHOLDER VALUE**

Completes Sale of Non-Core PBM Business

Other Cost Savings Initiatives on Track

ELMSFORD, NY – August 31, 2015 – BioScrip, Inc. (NASDAQ: BIOS) (“BioScrip” or the “Company”) today provided an update on the Company’s plan to enhance shareholder value, improve financial flexibility and position BioScrip as a pure play infusion services company focused on high-growth services. As previously announced, the Company expects to realize \$35 million – \$40 million in annualized net cost savings over the next 12 months as part of its Financial Improvement Plan.

The Company provided the following update on its cost saving and financial improvement initiatives to create value:

- BioScrip has completed the previously announced sale of its non-core PBM business to ProCare Pharmacy Benefit Manager Inc., a privately held pharmacy benefit manager and part of the ProCare Rx companies, for \$25 million in cash. The PBM activities represented approximately \$66 million of annual revenue. The net proceeds were used to pay down debt.
- BioScrip’s workforce reduction is on track and will be substantially complete by the end of the third quarter. As previously announced, the reductions are expected to generate \$19 million in total savings. The reductions are in specific areas, including corporate infrastructure and are not expected to impact BioScrip’s ability to provide quality care and service to patients.
- Supply chain related activities are being negotiated and are expected to generate \$3 million in annual savings by the beginning of 2016, contributing to operating improvement.
- Corporate and field operating improvement programs have been initiated and are estimated to deliver cost savings of \$10 million annually and contribute to operating improvements beginning in January 2016.

Carter Pate, Chair of the Financial Improvement Plan Committee of the Board of Directors said, “While we still have work to do, these announcements demonstrate the progress in the execution of our cost savings and financial improvement initiatives. These important strategic steps will drive shareholder value by focusing on our core infusion platform, reducing costs and enhancing BioScrip’s financial flexibility. The BioScrip Board of Directors and management remain committed to the Company’s Financial Improvement Plan. We all look forward to achieving our objectives.”

Rick Smith, President and Chief Executive Officer of BioScrip, said, "We are pleased to complete the sale of our non-core PBM business and announce that we are accomplishing key elements of our Financial Improvement Plan. Our patient census levels continue to see solid progression consistent with expectations. All of these efforts are significant milestones in our work to streamline the Company, maintain dynamic growth in our core business, and position BioScrip as a pure play infusion services provider. We will continue to execute on our plan and concentrate on opportunities with the highest value-creating potential."

Balance Sheet Update

As of August 31, 2015, the Company has \$73.9 million of total liquidity, comprised of \$19.6 million of cash and \$54.3 million of undrawn capacity available on its revolving credit facility. The Company was in compliance with its financial covenants as of June 30, 2015. On August 6, 2015, the Company entered into a fourth amendment (the "Fourth Amendment") to its credit agreement. The Fourth Amendment, among other things, provides additional relief and flexibility with respect to measuring compliance with the maximum first lien net leverage ratio. The maximum first lien net leverage ratio for the fiscal quarters ending September 30, 2015 through and including June 30, 2016 is 7.25. The maximum first lien net leverage ratio for the fiscal quarters ending September 30, 2016 through and including March 31, 2017 is 6.50. For the purpose of measuring compliance with the maximum first lien net leverage ratio, the Fourth Amendment permits the Company to adjust EBITDA on a pro forma basis to include the estimated financial impact of any reductions in workforce.

About BioScrip, Inc.

BioScrip, Inc. is a leading national provider of infusion and home healthcare management solutions. BioScrip partners with healthcare providers, including physicians, hospital systems, skilled nursing facilities, and with healthcare payors to provide patients better access to high quality, efficient post-acute care services. BioScrip operates with a commitment to bring infusion therapy services into the home or alternate-site settings. By collaborating with the full spectrum of healthcare professionals and the patient, BioScrip provides cost-effective care that is driven by clinical excellence, customer service, and values that promote positive outcomes and an enhanced quality of life for those it serves.

Forward-Looking Statements – Safe Harbor

This press release includes statements that may constitute "forward-looking statements," including projections of certain measures of the Company's results of operations, projections of future levels of certain charges and expenses, and other statements regarding the Company's financial improvement plan and strategy. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. In some cases, forward-looking statements can be identified by words such as "may," "should," "could," "anticipate," "estimate," "expect," "project," "outlook," "aim," "intend," "plan," "believe," "predict," "potential," "continue" or comparable terms. Because such statements inherently involve risks and uncertainties, actual future results may differ materially from those expressed or implied by such forward-looking statements. 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 or contribute to such differences include but are not limited to risks associated with: the Company's ability implement its financial improvement plan to reduce operating costs and focus its business on its Infusion Services segment; reductions in federal, state and commercial reimbursement for the Company's products and services; increased government regulation related to the health care and insurance industries; as well as the risks described in the Company's periodic filings with the Securities and Exchange Commission. The Company does not undertake any duty to update these forward-looking statements after the date hereof, even though the Company's situation may change in the future. All of the forward-looking statements herein are qualified by these cautionary statements.
