PATIENT INFOSYSTEMS INC
Form 10QSB
November 15, 2004

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

FORM 10-QSB

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

For the quarterly period ended: September 30, 2004

OR

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

For the transition period from to

Commission file number: 0-22319

PATIENT INFOSYSTEMS, INC.
(Exact name of small business issuer as specified in its charter)

Delaware	16-1476509
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

46 Prince Street, Rochester, NY 14607
(Address of principal executive offices)

(585) 242-7200
(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days. Yes [X] No [ ]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of November 15, 2004, 9,638,076 shares of the Company's common stock, par value $0.01 per share, were outstanding.

Transitional Small Business Disclosure Format (check one) Yes [ ] No [X]

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

PATIENT INFOSYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED) AS OF

ASSETS	September 30, 200
CURRENT ASSETS:	
Cash and cash equivalents	$ 954,408
Accounts receivable	1,078,465
Prepaid expenses and other current assets	265,674
Total current assets	2,298,547
Property and equipment, net	605,913
OTHER ASSETS:	
Intangible assets	642,700
Goodwill	13,866,989
TOTAL ASSETS	$ 17,414,149
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Bank overdraft	$ -
Accounts payable	1,283,197
Accrued salaries and wages	667,956
Accrued expenses	256,049
Accrued dividends	1,111,593
Current maturities of long-term debt	25,518
Deferred revenue	293,761
Total current liabilities	3,638,074
LINE OF CREDIT	7,000,000
LONG-TERM DEBT	23,172
STOCKHOLDERS' EQUITY:	
Preferred stock - $.01 par value: shares authorized: 20,000,000	
Series C, 9% cumulative, convertible, issued and outstanding - 75,000 as of September 30, 2004, 100,000 as of December 31, 2003	750
Series D, 9% cumulative, convertible, issued and outstanding - 840,118 as of September 30, 2004, 830,100 as of December 31, 2003	8,401
Common stock - $.01 par value: shares authorized: 80,000,000; issued and outstanding - 9,638,067 as of September 30, 2004, 4,960,354 as of December 31, 2003	96,381
Additional paid-in capital	54,541,419
Unearned debt issuance cost	(1,955,967)
Accumulated deficit	(45,938,081)
Total stockholders' equity	6,752,903
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 17,414,149

See notes to unaudited consolidated financial statements.

PATIENT INFOSYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATION (UNAUDITED)

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 200
REVENUES				
Disease and demand management fees	$ 1,967,444	$ 1,429,692	$ 5,991,597	$ 3,95
Ancillary benefits management fees	1,406,376	-	4,476,082	
Total revenues	3,373,820	1,429,692	10,467,679	3,95
COSTS AND EXPENSES				
Cost of sales	2,801,762	1,107,776	8,578,400	3,05
Sales and marketing	363,123	230,606	1,060,756	67
General and administrative	611,089	341,526	2,256,920	91
Research and development	31,451	35,060	89,685	10
Total costs and expenses	3,807,425	1,714,968	11,985,761	4,74
OPERATING LOSS	(433,605)	(285,276)	(1,518,082)	(78
OTHER EXPENSE				
Financing cost	(203,158)	(754,101)	(545,908)	(1,46
Interest expense, net	(21,552)	(151,262)	(76,698)	(44
NET LOSS	(658,315)	(1,190,639)	(2,140,688)	(2,70
CONVERTIBLE PREFERRED STOCK DIVIDENDS	(205,902)	(667,924)	(699,018)	(2,18
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (864,217)	$ (1,858,563)	$ (2,839,706)	$ (4,88
NET LOSS PER SHARE - BASIC AND DILUTED	$ (0.09)	$ (2.04)	$ (0.39)	$
WEIGHTED AVERAGE COMMON SHARES	9,638,067	913,035	7,202,947	91

See notes to unaudited consolidated financial statements.

PATIENT INFOSYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30, 2004	Sept
OPERATING ACTIVITIES:		

Net loss	$ (2,140,688)
Adjustments to reconcile net loss to net cash used in operating activities net of acquisition:	
Depreciation and amortization	788,203
Compensation expense related to warrants	245,463
(Increase) decrease in accounts receivable	(226,869)
(Decrease) Increase in prepaid expenses and other current assets	38,904
(Increase) decrease in accounts payable	(153,586)
Increase in accrued salaries and wages	86,651
(Decrease) increase in accrued expenses	(791,330)
Decrease in deferred revenue	(42,837)
Net cash (used in) provided by operating activities	(2,196,089)
INVESTING ACTIVITIES:	
Property and equipment additions	(259,820)
Property and equipment disposals and retirements	4,206
Acquisition of CBCA Care Management, net	(7,235,000)
Additional expenses related to ACS acquisition	(45,343)
Increase in notes receivable	-
Net cash used in investing activities	(7,535,957)
FINANCING ACTIVITIES:	
Borrowing from directors, net	-
Borrowing from stockholders	-
Borrowing from line of credit	4,000,000
Decrease in bank overdraft	(189,608)
Payment of debt	(285,722)
Proceeds from the sale of capital stock	7,343,039
Expenses related to the sale of capital stock	(579,106)
Net cash provided by financing activities	10,288,603
NET INCREASE IN CASH AND CASH EQUIVALENTS	556,557
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	397,851
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 954,408
Supplemental disclosures of non-cash information	
Dividend declared on Convertible Preferred Stock	$ 620,837
Beneficial conversion feature of Convertible Preferred Stock	$ 78,180
Portion of Finance Cost recorded as debt discount	
Fair market value of:	
Warrants issued for debt guarantee	$ 2,501,875

See notes to unaudited consolidated financial statements.

PATIENT INFOSYSTEMS, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements for the period ended September 30, 2004

1. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Patient Infosystems Canada, Inc., which ceased operations in January 2001; American Caresource Holdings, Inc. ("ACS"), which was created in December 2003 and CBCA Care Management Inc. ("CM"), which the Company purchased on September 22, 2004. Significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying consolidated financial statements for the three and nine month periods ended September 30, 2004 and September 30, 2003 are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto, together with management's discussion and analysis of financial condition and results of operations contained in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2003. Certain reclassifications of 2003 amounts have been made to conform to 2004 presentations. The results of operations for the three and nine months ended September 30, 2004 are not necessarily indicative of the results for the entire year ending December 31, 2004.

All share and per share information contained herein gives effect to the 1 for 12 reverse stock split which was effective as of January 9, 2004.

Acquisitions - On December 31, 2003, the Company acquired substantially all the assets and liabilities of American Caresource Corporation for a total purchase price of $5,754,866. The Company recorded the American Caresource Corporation acquisition using the purchase method of accounting and therefore, the operations of ACS are included only since the date of the acquisition.

On September 22, 2004, the Company acquired all the outstanding equity of CBCA Care Management, Inc. for a total purchase price of $7,235,000 which included (1) $7,100,000 in cash and (2) estimated direct expenses of $135,000. The Company recorded the CBCA Care Management, Inc. acquisition using the purchase method of accounting.

Information related to the CBCA Care Management acquisition is as follows:

Purchase price:	$ 7,235,000
Purchase allocation:	
Property and equipment	181,852
Identifiable intangible assets	250,000
Current liabilities	(242,059)
Current assets	228,187
Goodwill	6,817,020
	$ 7,235,000

The acquisition has been accounted for using the purchase method of accounting and accordingly, the results of operations of the acquired entity for the eight day period ending September 30, 2004 have been included in the consolidated financial statements.

The allocation of the identifiable intangible assets and goodwill have not been finalized and any required adjustments will be recorded as necessary when the information becomes available.

The following unaudited pro forma presents the Company's consolidated results of operations for the three and nine month periods ended September 30, 2003 and 2004 as if the acquisition of CM and ACS had been consummated at January 1, 2003. The pro forma results of operations including certain pro forma adjustments, including the amortization of identifiable intangible assets and interest on certain debt.

	Pro forma for the Three months ended September 30, 2004	2003	Pro forma for t Nine months end September 30, 2004	
Revenue	5,058,649	5,407,656	15,903,688	15,
Net loss attributable to common share holders	(1,099,213)	(2,597,885)	(2,842,830)	(8,
Earnings per share	(0.11)	(1.29)	(0.39)	
Weighted average common shares	9,638,067	2,013,035	7,202,947	2,

Earnings per share - The calculations for the basic and diluted loss per share for the three and nine month periods ended September 30, 2004 and 2003 did not include options to purchase, respectively, 1,419,827 and 92,827 shares of common stock, nor the common equivalent shares issuable upon conversion of 75,000 and 840,118 shares, respectively, of Series C Preferred Stock and Series D Preferred Stock because the effect would have been antidilutive due to the net loss in those periods. The computation of basic and diluted net loss per share is as follows:

	Three Months Ended September 30, 2004	2003	Nine Months E September 3 2004	
Net loss	$ (658,315)	$ (1,190,639)	$ (2,140,688)	$ (2
Convertible preferred stock dividends	(205,902)	(667,924)	(699,018)	(2
Net loss attributable to Common Stockholders	$ (864,217)	$ (1,858,563)	$ (2,839,706)	$ (4
Weighted average common shares	9,638,067	913,035	7,202,947	
Net loss per share - Basic and diluted	$ (0.09)	$ (2.04)	$ (0.39)	$

Stock-Based Compensation - In 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." This standard provides alternative methods of transition for voluntary change to the fair value based method of accounting for stock-based employee compensation. Additionally, the standard also requires prominent disclosures in the

Company's financial statements about the method of accounting used for stock-based employee compensation, and the effect of the method used when reporting financial statements.

The Company accounts for stock-based compensation in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation". As permitted by SFAS No. 123, the Company continues to measure compensation for such plans using the intrinsic value based method of accounting, prescribed by Accounting Principles Board ("APB"), Opinion No. 25, "Accounting for Stock Issued to Employees." Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the date of grant for awards consistent with the provisions of SFAS No. 123, the Company's net loss and net loss per share would have been increased to the pro forma amounts indicated below:

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Net loss attributable to common shareholders - as reported	($864,217)	($1,858,563)	($2,839,706)	($4,882
Stock compensation expense	(90,150)	(30,961)	(1,347,952)	(88
Net loss - pro forma	(954,367)	(1,889,524)	(4,187,658)	(4,970
Net loss per share - basic and diluted - as reported	($0.09)	($2.04)	($0.39)	($
Net loss per share - basic and diluted - pro forma	($0.10)	($2.07)	($0.58)	($
Weighted average common shares	9,638,067	913,035	7,202,947	913

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model using an expected life of 7 years and assumed risk-free interest rates of 3.75% as of September 30, 2004 and 3.79% as of December 31, 2003. The assumed dividend yield was zero. The Company has used a volatility factor of 119% as of September 30, 2004 and 98% as of December 31, 2003. For purposes of pro forma disclosure, the estimated fair value of each option is amortized to expense over such option's vesting period and only the compensation expense related to the three and nine month periods ended September 30, 2003 and 2004 were used to adjust the net loss on a pro forma basis.

2. On December 31, 2003, the Company entered into the Third Addendum to the Second Amended and Restated Credit Agreement with Well Fargo Bank Iowa, N.A., which extended the term of the $3,000,000 credit facility to July 31, 2005. Dr. Schaffer and Mr. Pappajohn, directors of the Company, guaranteed this extension. In consideration of their guarantees, in February 2004, the Company granted to Dr. Schaffer and Mr. Pappajohn warrants to purchase an aggregate of 47,500 shares of Series D Convertible Preferred Stock, which are convertible into an aggregate of 475,000 shares of the Company's common stock for $10.00 per preferred share. The Company valued these warrants at $1,085,375 using the Black-Scholes method. The value of these warrants was recorded as unearned debt issuance costs and will be amortized as financing

costs over the nineteen month period of the loan guarantee.

On September 21, 2004, the Company entered into the Fourth Addendum to the Second Amended and Restated Credit Agreement with Well Fargo Bank Iowa, N.A., which increased the amount of the credit facility to $7,000,000 and extended the term of the facility to July 31, 2006. Dr. Schaffer and Mr. Pappajohn, directors of the Company, guaranteed these extensions. In consideration of their guarantees, in September 2004 the Company granted to Dr. Schaffer and Mr. Pappajohn warrants to purchase an aggregate of 1,000,000 shares of the Company's common stock for $1.68 per share expiring September 21, 2009. The Company valued these warrants at $1,416,500 using the Black-Scholes method. The value of these warrants was recorded as unearned debt issuance costs and will be amortized as financing costs over the 23 month period of the loan guarantee. During the three and nine months ended September 30, 2004, the Company recorded a financing cost of $203,158 and $545,908, respectively.

3. On March 28, 2004, Mr. Pappajohn and Dr. Schaffer signed a letter to the Company in which they made a commitment to obtain the operating funds that the Company believes would be sufficient to fund its operations through January 1, 2005. There can be no assurances given that Mr. Pappajohn or Dr. Schaffer can raise either the required working capital through the sale of the Company's securities or that the Company can borrow the additional amounts needed.

4. During the nine month period ended September 30, 2004, the Company issued 4,427,713 shares of its common stock and 10,018 shares of its Series D Convertible Preferred Stock to certain investors for $7,471,289, which consisted of $7,263,200 of working capital, forgiveness of $53,180 of accrued interest payable, forgiveness of $26,659 of debt and payment of $128,250 of services. The Company incurred $579,106 of costs directly attributable to the sale of its common stock.

   During the nine month period ended September 30, 2004, the Company issued 72,125 shares of its common stock as payment of $128,250 in expenses related to the sale of common stock and issued warrants to placement agents to purchase 118,450 shares of its common stock at exercise prices between $1.68 and $2.75 per share. These warrants were assigned an aggregate fair market value of $311,663 using a Black-Scholes valuation method.

   Of the warrants to purchase 118,450 shares of the Company's common stock, the issuance of warrants to purchase 12,500 shares, assigned a value of $22,750, resulted in an additional expense related to the purchase of substantially all the assets of and assumption of liabilities from American Caresource Corporation on December 31, 2003. Accordingly, goodwill related to this acquisition was increased by $22,750.

5. During the three months ended September 30, 2004, the Company operated in two segments: (i) Patient Infoystems, which includes disease management, demand management, provider improvement as well as case management and utilization review services which were acquired on September 22, 2004 through the acquisition of CM, whose operations since September 22, 2004 are insignificant; and (ii) ACS, which includes ancillary benefits management services. Selected financial information on the Company's segments for the three and nine month periods ended September 30, 2004 and 2003 and pro forma combined as if the ACS acquisition had occurred as of January 1, 2003 are presented as follows:

	Three Months ended September 30, 2004	2003	2003 Pro Forma	Nine Mo 2004
Revenues				
Patient Infosystems, Inc.	$ 1,967,444	$ 1,429,692	$ 1,429,692	$ 5,991,597
American Caresource Holdings, Inc.	1,406,376	-	2,183,344	4,476,082
Total revenue	3,373,820	1,429,692	3,613,036	10,467,679
Cost of goods				
Patient Infosystems, Inc.	1,354,896	1,107,776	1,107,776	4,145,574
American Caresource Holdings, Inc.	1,446,866	-	2,360,031	4,432,826
Selling, General and Administrative				
Patient Infosystems, Inc.	632,353	607,192	607,192	1,771,486
American Caresource Holdings, Inc.	373,310	-	610,963	1,635,875
Other				
Patient Infosystems, Inc.	222,541	905,363	905,363	609,971
American Caresource Holdings, Inc.	2,169	-	53,992	12,635
Net loss				
Patient Infosystems, Inc.	(242,346)	(1,190,639)	(1,190,639)	(535,434
American Caresource Holdings, Inc.	(415,969)	-	(841,642)	(1,605,254
Total net loss	(658,315)	(1,190,639)	(2,032,281)	(2,140,688
Preferred Stock dividends	(205,902)	(667,924)	(767,621)	(699,018
Net loss attributable to common shareholders	(864,217)	(1,858,563)	(2,799,902)	(2,839,706
Net loss per share basic and diluted	$ (0.09)	$ (2.04)	$ (1.39)	$ (0.39
Weighted average common shares	9,638,067	913,035	2,013,035	7,202,947

6. The accompanying unaudited consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying unaudited consolidated financial statements, the Company incurred a net loss for the nine month period ended September 30, 2004 of $2,140,688 and had a working capital deficit of $1,339,527 at September 30, 2004. These factors, among others, may indicate that the Company will be unable to continue as a going concern for a reasonable period of time.

   The unaudited consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's ability to continue as a going concern is dependant upon its ability to generate sufficient cash flow to meet its obligations. Management is currently assessing the Company's operating structure for the purpose of reducing ongoing expenses, increasing sources of revenue and is negotiating the terms of additional debt or equity financing.

Item 2. Management's Discussion and Analysis or Plan of Operations.

Management's discussion and analysis provides a review of the Company's operating results for the three and nine month periods ended September 30, 2004 as compared to the three and nine month periods ended September 30, 2003 and a review of the Company's financial condition at September 30, 2004 as compared to September 30, 2003 and December 31, 2003. The focus of this review is on the underlying reasons for significant changes and trends affecting the revenues, net earnings and financial condition of the Company. This review should be read in conjunction with the accompanying unaudited consolidated financial statements.

In an effort to give investors a well-rounded forward-looking view of the Company's current condition and future opportunities, this Quarterly Report on Form 10-QSB includes information from the Company's management about future performance and results. Because they are forward-looking, this information involves uncertainties. These uncertainties include the Company's ability to continue its operations as a result of, among other things, continuing losses, working capital short falls, uncertainties with respect to sources of capital, risks of market acceptance of or preference for the Company's systems and services, competitive forces, the impact of changes in government regulations, general economic factors in the healthcare industry and other factors discussed in the Company's filings with the Securities and Exchange Commission including the Company's Annual Report on Form 10-KSB for the year ended December 31, 2003.

Results of Operations

It is anticipated that operations of CBCA Care Management, Inc. will be consolidated with Patient Infosystems in future periods.

To assist the reader's understanding of the results of operations, each of the Company's segments, Patient Infosystems, Inc. and American Caresource Holdings, Inc., will be presented separately using the following segmented statement of operations, which includes pro forma results of American Caresource Holdings, Inc. for the three and nine month periods ended September 30, 2003 for comparative purposes. The results of operation during the 8 days ended September 30, 2004 of CBCA Care Management, Inc. have been included with results of operations of the Patient Infosystems Segment.

	Three Months ended September 30,			
	Patient Infosystems		American Caresource	
	2004	2003	2004	2003 pro forma
Revenues	$ 1,967444	$ 1,429,692	$ 1,406,376	$ 2,183,344
Costs and expenses				
Cost of goods	1,354,896	1,107,776	1,446,866	2,410,583
Sales and marketing	264,180	230,606	98,943	102,636
General and administrative	336,722	341,526	274,367	457,775
Research & development	31,451	35,060	-	-
Total costs and expenses	1,987,249	1,714,968	1,820,176	2,970,994
Operating loss	(19,805)	(285,276)	(413,800)	(787,650)
Other	(222,541)	(905,363)	(2,169)	(53,992)
Net loss	(242,346)	(1,190,639)	(415,969)	(841,642)

Nine Months ended September 30,

Patient Infosystems American Caresource

	2004	2003	2004	2003 pro forma
Revenues	$ 5,991,597	$ 3,957,408	$ 4,476,082	$ 6,963,475
Costs and expenses				
Cost of goods	4,145,574	3,054,233	4,432,826	7,920,539
Sales and marketing	711,698	675,667	349,058	339,898
General and administrative	970,103	913,837	1,286,817	1,508,195
Research & development	89,685	100,288	-	-
Total costs and expenses	5,917,060	4,744,025	6,068,701	9,768,632
Operating profit (loss)	74,537	(786,617)	(1,592,619)	(2,805,157)
Other	(609,971)	(1,915,426)	(12,635)	(102,719)
Net loss	(535,434)	(2,702,043)	(1,605,254)	(2,907,876)

PATIENT INFOSYSTEMS SEGMENT INFORMATION

Revenues

Revenues consist of revenues from operations and other fees. Revenues increased 38% to $1,967,444 for the three months ended September 30, 2004, from $1,429,692 for the three months ended September 30, 2003. Revenues increased 51% from $3,957,408 for the nine months ended September 30, 2003 to $5,991,597 for the nine months ended September 30, 2004.

	Three Months Ended September 30,		Nine Months Ende September 30,	
Revenues	2004	2003	2004	2
Operations fees				
Provider improvement	$ 1,058,000	$ 928,306	$ 4,082,019	$ 2,
Case and utilization management	180,762	-	180,762	
Disease and demand management	726,723	492,427	1,715,786	1,
Total operations fees	1,965,485	1,420,733	5,978,567	3,
Other fees	1,959	8,959	13,030	
Total revenues	$ 1,967,444	$ 1,429,692	$ 5,991,597	$ 3,

Provider innovations and improvement fee revenues are primarily attributable to assistance provided to organizations for the management of patients with chronic disease, including information technology support, learning organization services and data analysis and reporting. More than 95% of the provider innovation and improvement revenue is related to a subcontract with the Institute for Healthcare Improvement. Provider improvement fee revenues for the three and nine month periods ended September 30, 2004 increased to $1,058,000 and $4,082,019, respectively, as compared to $928,306 and $2,226,157 for the same respective periods of 2003. The Company does not have a long term agreement with the Institute for Healthcare Improvement and no assurances can be given that Patient Infosystems will continue to provide these services at the current levels, or at all. Revenue recognized during the three and nine month periods ended September 30, 2004 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2004. The contracts for substantially all the provider improvement services are annual in nature, the largest of which ended as of September 30, 2004. Patient Infosystems anticipates renewing this contract and is therefore continuing to provide these services during the renewal process. No assurance can be given that the contract will be renewed.

Case and utilization management fee revenues are primarily attributable to the operation of the Company's wholly owned subsidiary, CBCA Care Management, Inc. The Company acquired CBCA Care Management, Inc. on September 22, 2004. , The $180,762 of revenue attributable to CBCA Care Management, Inc. during the eight days of operation following the acquisition during three and nine month periods ended September 30, 2004. Revenue recognized during the three and nine month periods ended September 30, 2004 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2004.

Disease and demand management fee revenues are primarily attributable to the operation of Patient Infosystems' call center and the delivery of Care Team Connect for Health directly to patients. Disease and demand management fee revenues for the three and nine month periods ended September 30, 2004 increased to $726,723 and $1,715,786, respectively, as compared to $492,427 and $1,684,807 for the same respective periods of 2003. The increase in these fees is primarily attributable to the new sales of Care Team Connect. Patient Infosystems is actively marketing its disease and demand management services and anticipates continuing to sell its services. No assurances can be given that Patient Infosystems will be able to sell its demand and disease management services, or, to the extent there are sales, that any such sales will have a material effect on the financial condition of Patient Infosystems.

Other fee revenues for the three and nine month periods ended September 30, 2004 were $1,959 and $13,030, respectively, as compared to $8,959 and $46,444 for the same respective periods of 2003. Patient Infosystems received other revenues for (i) development fees from a variety of customers for creation of, or modification to, specific programs and (ii) license fees. Patient Infosystems has completed substantially all services under these agreements. Development fee revenues include clinical, technical and operational design or modification of Patient Infosystems' primary disease management programs. Patient Infosystems anticipates that revenue from development fees will continue to be low unless Patient Infosystems enters into new development agreements. Patient Infosystems has not entered into any new licensing agreements and the revenue for the current period reflects revenue generated exclusively from the existing agreements.

Costs and Expenses

Cost of sales includes salaries and related benefits, services provided by third parties, and other expenses associated with the implementation and delivery of Patient Infosystems' provider improvement, case and utilization management and demand and disease management programs. Cost of sales for the three and nine month periods ended September 30, 2004 were $1,354,896 and $4,145,574, respectively, as compared to $1,107,776 and $3,054,233 for the same respective periods of 2003. The increase in these costs was primarily the result of increased operational activity. Patient Infosystems' gross margin, being total revenues over cost of sales, was positive for the three and nine month periods ended September 30, 2004 and 2003. Patient Infosystems anticipates that revenue must increase for it to recognize economies of scale adequate to improve its margins. No assurance can be given that revenues will increase or that, if they do, they will continue to exceed costs and expenses.

Sales and marketing expenses consist primarily of salaries, related benefits, travel costs, sales materials and other marketing related expenses. Sales and marketing expenses for the three and nine months ended September 30, 2004 were $264,180 and $711,698, respectively, as compared to $230,606 and $675,667 for the same respective periods of 2003. Patient Infosystems anticipates expansion of Patient Infosystems' sales and marketing staff and expects it will continue to invest in the sales and marketing process, and that such expenses related to sales and marketing may increase in future periods.

General and administrative expenses include the costs of corporate operations, finance and accounting, human resources and other general operating expenses of Patient Infosystems. General and administrative expenses for the three and nine month periods ended September 30, 2004 were $336,722 and $970,103, respectively, as compared to $341,526 and $913,837 for the same respective periods of 2003. These expenditures have been incurred to maintain the corporate infrastructure necessary to support anticipated program operations. General and administrative expenses may increase in future periods as it continues to establish the resources needed to comply with Section 404 of the Sarbanes-Oxley Act of 2002.

Research and development expenses consist primarily of salaries and related benefits and administrative costs associated with the development of certain components of Patient Infosystems' integrated information capture and delivery system, as well as development of Patient Infosystems' standardized disease management programs and Patient Infosystems' Internet based technology products. Research and development expenses for the three and nine month periods ended September 30, 2004 were $31,451 and $89,685, respectively, as compared to $35,060 and $100,288 for the same respective periods of 2003.

Patient Infosystems recorded other expenses for the three and nine month periods ended September 30, 2004 of $222,541 and $609,971, respectively, as compared to $905,363 and $1,915,426 for the same respective periods of, 2003. This change was principally due to the interest expense and related financing cost on debt.

Patient Infosystems had a net loss for the three and nine month periods ended September 30, 2004 of $242,346 and $535,434, respectively, as compared to $1,190,639 and $2,702,043 for the same respective periods of 2003.

AMERICAN CARESOURCE SEGMENT INFORMATION

Revenues

Revenues of American CareSource Holdings, Inc. ("ACS") are comprised of revenues from ancillary service claims and processing of patient claims. Revenues decreased to $1.4 million from $2.2 million during the three months ended September 30, 2004 and 2003, respectively, or 36%. Revenues decreased to $4.5 million from $7.0 million during the nine months ended September 30, 2004 and 2003, respectively, or 36%.

	Three Months Ended September 30		Nine Months Ended September 30	
Revenues	2004	2003	2004	2003
		Pro forma		Pro forma
Ancillary Health	$ 1,267,981	$ 2,058,439	$ 4,079,460	$ 6,632,511
Patient Claims	138,395	124,905	396,622	330,964
Total Revenues	$ 1,406,376	$2,183,344	$ 4,476,082	$6,963,475

Ancillary health claims revenue for the three and nine month periods ended

September 30, 2004 decreased to $1,267,981 and $4,079,460, respectively, as compared to $2,058,439 and $6,632,511 for the same respective periods of 2003. This decrease is attributable to the cancellation of contracts by major clients and to the reduction of revenue from certain providers in ACS' ancillary health provider network, partially offset by the addition of new clients. Pinnacol Assurance ("Pinnacol") notified ACS on December 19, 2003 of its intent to terminate its contract with ACS effective March 18, 2004, and was winding down through the first quarter and into the second quarter of 2004. There was no revenue from Pinnacol in the third quarter of 2004. Revenue from Pinnacol in the third quarter of 2003 was $1,097,322. Revenue from Pinnacol decreased 81.4% from $3,034,121 for the nine month period ended September 30, 2003 to $563,042 for the same period in 2004. Plan Vista, from which ACS received $110,577 and $554,746 of revenue for the three and nine month periods ended September 30, 2003, respectively, notified ACS of its intent to terminate its contract effective October 13, 2004 and did not generate any revenue for ACS during the nine month period ended September 30, 2004. The decreased revenue due to the termination of clients was partially offset by $271,512 of new business from three new clients in the nine months ended September 30, 2004, of which $207,342 was generated in the third quarter. ACS has experienced improved relations with providers in its network as a result of the acquisition by Patient Infosystems, due to better funding. ACS also has been able to expand its provider network by seeking to restore relationships with providers previously in the network and adding new providers as ACS obtained new client payor contracts. ACS expects to see growth in the number of client and payor relationships due to increased emphasis on sales. No assurances can be given that ACS will be able to continue to expand its provider or payor relationships, nor that any such expansion will result in an improvement in the results of operations of ACS.

The processing of patient claims revenues for the three and nine month periods ended September 30, 2004 increased 10.8% to $138,395 and increased 19.8% to $396,622, respectively, as compared to $124,905 and $330,964 for the same respective periods of 2003. The Company does not expect to increase its revenues from claims processing in future periods.

Costs and Expenses

Cost of revenues includes provider payments, direct expenses incurred for providing services and the related direct labor and overhead of providing such services. ACS is not liable for costs incurred by its contracted providers unless and until these providers obtain approval from the appropriate payors and provide the contracted services and ACS receives payment from the payors. Costs of revenues also include direct expenses to administer claims, including direct labor associated with recruitment and contracting with providers, database maintenance, data entry of claims, claims repricing, fulfillment and overhead costs. Costs of revenues for the three and nine month periods ended September 30, 2004 decreased to $1,446,866 and $4,433,826, respectively, as compared to $2,410,583 and $7,920,539 for the same respective periods of 2003. This decrease was due to a decrease in provider payments, the renegotiation of management fees payable to one client, and a reduction in direct expenses and overhead associated with the decrease in claims volume related to revenue. Provider payments related to revenues during the three and nine month periods ended September 30, 2004 decreased $687,576 and $2,262,675, respectively as compared to the same respective periods of 2003. Management fees from ppoNEXT during the three and nine month periods ended September 30, 2004 decreased $107,949 and $320,987, respectively, as compared to the same respective periods of 2003, as contract changes negotiated in July 2003 took effect upon the acquisition of ACS by Patient Infosystems. Direct expenses and overhead associated with ACS services provided during the three and nine month periods ended September 30, 2004 decreased $212,481 and $889,197, respectively, as compared to the same respective periods of 2003, as reductions were made to personnel and other costs to align ACS' cost structure with its claims volume.

Sales and marketing expenses include the salaries and related benefits of ACS' account development employees, travel and other costs for those employees, and sales materials and other marketing or sales expenses of ACS. Commissions paid to independent outside salespeople are based directly on net margin per client. Payments to providers and all billing and processing of claims expenses are included in cost of revenues. Sales and marketing expenses for the three and nine month periods ended September 30, 2004 were $98,943 and $349,058, as compared to $102,636 and $339,898 for the same respective periods of 2003. ACS anticipates continued investment in the sales and marketing process, and that expenses related to sales and marketing may continue to increase in future periods.

General and administrative expenses include the salaries and related benefits of ACS' executive employees, systems development and finance and accounting employees, travel and other costs for those employees. General and administrative expenses for the three and nine month periods ended September 30, 2004 were $274,367 and $1,286,817, respectively, as compared to $457,775 and $1,508,195 for the same respective periods of 2003. Compared to the prior year, legal fees decreased $39,868 and $216,652 and administrative and finance compensation expense decreased $100,786 and $210,343 for the three and nine month periods ended September 30, 2004, respectively. The personnel cost reductions were due to consolidation of these functions with Patient Infosystems, as well as efficiencies and reductions in payment processing volume. The cost reductions were offset by a one-time warrant compensation expense of $211,900 charged in the first quarter of 2004.

The Company recorded other expense for the three and nine month periods ended September 30, 2004 of $2,169 and $12,635, respectively, as compared to $53,992 and $102,719 for the same respective periods of 2003. Any new financing arrangements will be made by Patient Infosystems. Consequently, ACS' interest expense is expected to be minimal in future periods.

ACS had a net loss for the three and nine month periods ended September 30, 2004 of $415,969 and $1,605,254, respectively, as compared to $841,642 and $2,907,876 for the same respective periods of 2003.

INCOME (LOSS)

The Company reported a net loss attributable to common shareholders for the three and nine month periods ended September 30, 2004 of $864,576 and $2,839,706, respectively, as compared to $1,858,563 and $4,882,285 for the same respective periods of 2003. This represents a loss per share of $0.09 and $0.39 for the same respective periods or 2004 as compared to $2.04 and $5.35 for the same respective periods of 2003. The pro forma earnings per share assuming that the acquisition of substantially all the assets and liabilities of American Caresource Corporation had occurred on January 1, 2003 was $1.39 and $4.05, respectively, as compared to $0.09 and $0.39 loss per share for the same respective period of 2004. During the nine months ended September 30, 2004, the Company recorded a beneficial conversion feature of $78,180 related to the issuance of 10,018 shares of the Company's Series D Preferred Stock, which was recorded as a dividend, and declared $620,837 of dividends on the outstanding preferred stock.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2004, the Company had a working capital deficit of $1,339,527 as compared to a deficit of $2,808,649 at December 31, 2003. Through September 30, 2004, these amounts reflect the effects of the Company's continuing losses and borrowings as well as the recent borrowing necessary to complete the acquisition of CBCA Care Management, partially offset by its recent sale of capital stock. Since its inception, the Company has primarily funded its operations, working capital needs and capital expenditures from the sale of equity securities or the incurrence of debt.

On March 28, 2003, the Company entered into an Amended and Restated Credit Agreement with Wells Fargo Bank Iowa, N.A., which extended the term of the Company's $3,000,000 credit facility to January 2, 2004, under substantially the same terms. Mr. Pappajohn and Dr. Schaffer, directors of the Company, guaranteed this extension.

On December 31, 2003, the Company entered into the Third Addendum to the Second Amended and Restated Credit Agreement with Well Fargo Bank Iowa, N.A., which extended the term of the $3,000,000 credit facility to July 31, 2005. Mr. Pappajohn and Dr. Schaffer guaranteed this extension. In consideration for their guarantees, in February 2004 the Company granted to Dr. Schaffer and Mr. Pappajohn warrants to purchase an aggregate of 47,500 shares of Series D Convertible Preferred Stock, which are convertible into 475,000 shares of the Company's common stock for $10.00 per preferred share. The Company valued these warrants at $1,085,375 using the Black-Scholes method. The value of these warrants was recorded as unearned debt issuance cost and will be amortized as financing costs over the nineteen month period of the loan guarantee.

In January 2004, the Company borrowed $200,000 for working capital from Mr. Pappajohn which was repaid in March 2004 using the proceeds of the sale of the Company's common stock. During the three month period ended September 30, 2004, the Company borrowed $570,000 of working capital from Mr. Pappajohn which was repaid in September 2004 using the proceeds of the sale of the Company's common stock.

On March 28, 2004, Mr. Pappajohn and Dr. Schaffer signed a letter to the Company in which they made a commitment to obtain the operating funds that the Company believes would be sufficient to fund its operations through January 1, 2005. There can be no assurances given that Mr. Pappajohn or Dr. Schaffer can raise either the required working capital through the sale of the Company's securities or that the Company can borrow the additional amounts needed.

On September 21, 2004, the Company entered into the Fourth Addendum to the Second Amended and Restated Credit Agreement with Well Fargo Bank Iowa, N.A., which increased the amount of the credit facility to $7,000,000 and extended the term to July 31, 2006. Dr. Schaffer and Mr. Pappajohn, directors of the Company, guaranteed these extensions. In consideration of their guarantees, in September 2004 the Company granted to Dr. Schaffer and Mr. Pappajohn warrants to purchase an aggregate of 1,000,000 shares of the Company's common stock for $1.68 per share. The Company valued these warrants at $1,416,500 using the Black-Scholes method. The value of these warrants was recorded as unearned debt issuance costs and will be amortized as financing costs over the 23 month period of the loan guarantee. During the three and nine months ended September 30, 2004, the Company recorded a financing cost of $203,158 and $545,908, respectively.

During the nine month period ended September 30, 2004, the Company issued 4,427,713 shares of its common stock and 10,018 shares of its Series D Convertible Preferred Stock to certain investors in for an aggregate of $7,471,289 which consisted of $7,263,200 of working capital, forgiveness of $53,180 of accrued interest payable, forgiveness of $26,659 of debt and payment of $128,250 of services. The Company incurred $533,658 of costs directly attributable to the sale of its common stock.

During the nine month period ended September 30, 2004, the Company issued 72,125 shares of its common stock as payment of $128,250 in expenses related to the sale of common stock and issued warrants to placement agents to purchase 118,450 shares of its common stock at exercise prices between $1.68 and $2.75 per share. These warrants were assigned an aggregate fair market value of $311,663 using a Black-Scholes valuation method.

Of the warrants to purchase 118,450 shares of the Company's common stock, the issuance of warrants to purchase 12,500 shares, assigned a value of $22,750, resulted in an additional expense related to the purchase of substantially all of the assets and assumption of liabilities from American Caresource Corporation on December 31, 2003. Accordingly, goodwill related to this acquisition was increased by $22,750.

The Company has expended significant amounts to expand its operational capabilities, including increasing its administrative and technical costs. While Patient Infosystems has both curtailed its spending levels and increased its revenue, to the extent that ACS, revenues do not increase substantially, the Company's losses will continue and its available capital will diminish further. The Company's operations are currently being funded by borrowings and the sale of equity securities. There can be no assurances given that the Company can raise either the required working capital through the sale of its securities or that Patient Infosystems can borrow the additional amounts needed. In such instance, if Patient Infosystems is unable to identify additional sources of capital, it will likely be forced to curtail or cease operations. As a result of the above, the Independent Auditors' Report on Patient Infosystems' consolidated financial statements for the year ended December 31, 2003 includes an emphasis paragraph indicating that Patient Infosystems' recurring losses from operations raise substantial doubt about Patient Infosystems' ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

INFLATION

Inflation did not have a significant impact on the Company's costs during the three and nine month periods ended September 30, 2004 and September 30, 2003. The Company continues to monitor the impact of inflation in order to minimize its effects through pricing strategies, productivity improvements and cost reductions.

FORWARD LOOKING STATEMENTS

When used in this and in future filings of the Company with the Securities and Exchange Commission ("SEC"), in the Company's press releases and in oral statements made with the approval of an authorized executive officer of the Company, the words or phrases "will likely result," "expects," "plans," "will continue," "is anticipated," "estimated," "project," or "outlook" or similar expressions (including confirmations by an authorized executive officer of the Company of any such expressions made by a third party with respect to the Company) are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, each of which speak only as of the date made. Such statements, including those made with respect to future sources of revenue, new customers and control of costs and expenses, are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. These uncertainties include the Company's ability to continue its operations as a result of, among other things, continuing losses, working capital short falls, uncertainties with respect to sources of capital, risks of market acceptance of or preference for the Company's systems and services, competitive forces, the impact of changes in government regulations, general economic factors in the healthcare industry and other factors discussed in the Company's filings with the SEC including the Company's Annual Report on Form 10-KSB for the year ended December 31, 2003. The Company has no obligation to publicly release the result of any revisions, which may be made to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

Item 3. Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and Vice President, Financial Planning, has evaluated the effectiveness of our disclosure controls and procedure as of September 30, 2004. Based upon this evaluation, our Chief Executive Officer and Vice President, Financial Planning concluded that our disclosure controls and procedures are effective for recording, processing, summarizing and reporting the information we are required to disclose in the reports we file under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules and forms. Such evaluation did not identify any change in our internal control over financial reporting that occurred during the quarter ended September 30, 2004 that has materially affected, or is reasonably likely to affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

A former employee of American Caresource Corporation filed a lawsuit on June 16, 2004 entitled Schrier v. American Caresource Corporation, (Ind. Superior Ct.), alleging that she was terminated on February 5, 2003 in retaliation for refusing to engage in illegal conduct. She alleges that American Caresource Corporation engaged in various activities that would have constituted violations of agreements with customers, various laws, rules and regulations and would have resulted in inaccurate financial information being provided to the Company in connection with the acquisition transaction. The plaintiff has demanded damages of $123,000. We have conducted a preliminary investigation into the allegations and ACS and the Company intends to contest the plaintiff's claims vigorously.

Item 6. Exhibits

Exhibit #	Description of Exhibits
3.1 --	Certificate of Amendment to the Certificate of Incorporation
3.2 *	By-Laws
4.1 --	Patient Infosystems, Inc. Amended and Restated Stock Option Plan
4.2 ***	Certificate of Designations, Powers, Preferences and Relative, Participating, Optional or Other Special Rights, and the Qualifications, Limitations Thereof of the Series C Preferred Stock of Patient InfoSystems, Inc.
4.3 ***	Certificate of Designations, Powers, Preferences and Relative, Participating, Optional or Other Special Rights, and the Qualifications, Limitations Thereof of the Series D Preferred Stock of Patient InfoSystems, Inc.
10.20 +	Lease Agreement dated as of February 22, 1995 between Patient Infosystems and Conifer Prince Street Associates.
10.21 +	First Addendum to Lease Agreement dated as of August 22, 1995 between Patient Infosystems and Conifer Prince Street Associates.
10.22 +	Second Addendum to Lease Agreement dated as of November 17, 1995 between Patient Infosystems and Conifer Prince Street Associates.
10.23 +	Third Addendum to Lease Agreement dated as of March 28, 1996 between

Patient Infosystems and Conifer Prince Street Associates.

10.24 + Fourth Addendum to Lease Agreement dated as of October 29, 1996 between Patient Infosystems and Conifer Prince Street Associates.

10.25 + Fifth Addendum to Lease Agreement dated as of November 30, 1996 between Patient Infosystems and Conifer Prince Street Associates.

10.26 + Sixth Addendum to Lease Agreement dated as of November 24, 1997 between Patient Infosystems and Conifer Prince Street Associates.

10.30 ++ Seventh Addendum to Lease Agreement dated as of June 16, 1999 between Patient Infosystems and Conifer Prince Street Associates.

10.33 ++ Revolving Note dated as of December 23, 1999 between Patient Infosystems and Norwest Bank Iowa, National Association.

10.34 ++ Credit Agreement dated as of December 23, 1999 between Patient Infosystems and Norwest Bank Iowa, National Association.

10.35 ++ Security Agreement dated as of December 23, 1999 between Patient Infosystems and Norwest Bank Iowa, National Association.

10.36 ++ Arbitration Agreement dated as of December 23, 1999 between Patient Infosystems and Norwest Bank Iowa, National Association.

10.37 ++ Financing Statement executed by Patient Infosystems and Norwest Bank Iowa, National Association.

10.38 ++ First Amendment to Credit Agreement dated as of March 21, 2000 between Patient Infosystems and Norwest Bank Iowa, National Association.

10.39 ++ Note Modification Agreement dated as of March 21, 2000 between Patient Infosystems and Norwest Bank Iowa, National Association.

10.41 *** Form of Subscription Agreement dated on or about March 31, 2000 between Patient Infosystems and John Pappajohn, Derace Schaffer, Gerald Kirke and Michael Richards for Series C 9% Cumulative Convertible Preferred Stock.

10.42 *** Form of Registration Rights Agreement dated on or about March 31, 2000 between Patient Infosystems and John Pappajohn, Derace Schaffer, Gerald Kirke and Michael Richards for Series C 9% Cumulative Convertible Preferred Stock.

10.43 *** Eighth Addendum to Lease Agreement dated as of December 8, 2000 between Patient Infosystems and Conifer Prince Street Associates.

10.45 *** Amended and Restated Credit Agreement dated as of March 28, 2001 between Patient Infosystems and Wells Fargo Bank Iowa, National Association.

10.46 *** Revolving Note dated as of March 28, 2001 between Patient Infosystems and Wells Fargo Bank Iowa, National Association.

10.47 *** Form of Promissory Notes payable to Dr. Schaffer and Mr. Pappajohn.

10.48 *** Form of Security Agreements with Dr. Schaffer and Mr. Pappajohn.

10.49 *** Ninth Addendum to Lease Agreement dated as of January 7, 2002 between Patient Infosystems and Conifer Prince Street Associates.

10.50 # Letter of Agreement dated as of March 25, 2002 between Patient Infosystems, John Pappajohn and Derace Schaffer.

10.51 # Second Amended and Restated Credit Agreement dated as of March 28, 2002 between Patient Infosystems and Wells Fargo Bank Iowa, National Association.

10.52 # Revolving Note dated as of March 28, 2002 between Patient Infosystems and Wells Fargo Bank Iowa, National Association.

10.53 # Security Agreement dated as of March 28, 2002 between Patient Infosystems and Wells Fargo Bank Iowa, National Association.

10.54 ## Addendum to Amended and Restated Credit Agreement dated as of June 28, 2002 between Patient Infosystems and Wells Fargo Bank Iowa, National Association.

10.55 ## Agreement for Purchase and Sale of Assets dated as of September 23, 2002 between Patient Infosystems and American CareSource Corporation.

10.56 ### Tenth Addendum to Lease Agreement dated as of June 24, 2002 between Patient Infosystems and Conifer Prince Street Associates.

10.57 ### Eleventh Addendum to Lease Agreement dated as of December 30, 2002 between Patient Infosystems and Conifer Prince Street Associates.

10.58 ### Letter of Agreement dated as of March 28, 2003 between Patient Infosystems, John Pappajohn and Derace Schaffer.

10.59 ### Second Addendum to Second Amended and Restated Credit Agreement dated as of March 28, 2003 between Patient Infosystems and Wells Fargo Bank, National Association.

10.60 ### Modification Agreement dated as of March 28, 2003 between Patient Infosystems and Wells Fargo Bank, National Association.

10.61 ^ Amended and Restated Agreement for the Purchase and Sale of Assets among Patient Infosystems, Inc., American Caresource Corporation, formerly known as Health Data Solutions, and the Stockholders Signatory hereto, dated April 10, 2003.

10.62 ^ Note and Stock Purchase Agreement between Patient Infosystems, Inc. and a group of investors, dated April 10, 2003.

10.63 ^ Patient Infosystems, Inc. Series D Convertible Preferred Stock Registration Right Agreement dated April 10, 2003.

10.64 ^ Credit Agreement between American Caresource Corporation and Patient Infosystems, Inc. dated April 10, 2003.

10.65 ^^ Twelfth Addendum to Lease Agreement dated as of April 28, 2003 between Patient Infosystems and Conifer Prince Street Associates.

10.66 ^^ Thirteenth Addendum to Lease Agreement dated as of June 27, 2003 between Patient Infosystems and Conifer Prince Street Associates.

10.67 ^^^ Amendment No. 1 to the Amended and Restated Agreement for the Purchase and Sale of Assets dated as of July 30, 2003 between Patient Infosystems and American Caresource Corporation.

10.68 ^^^ Amendment No. 1 to the Note and Stock Purchase Agreement dated as of September 11, 2003 between Patient Infosystems and a group of investors.

10.69 ^^^ Amendment No. 1 to the Credit Agreement dated as of July 30, 2003 between Patient Infosystems and American Caresource Corporation.

10.70 ^^^ Amendment No. 2 to the Amended and Restated Agreement for the Purchase and Sale of Assets dated as of October 8, 2003 between Patient Infosystems and American Caresource Corporation.

10.71 -- Third Addendum to Second Amended and Restated Credit Agreement dated as of December 31, 2003 between Patient Infosystems and Wells Fargo Bank, National Association.

10.72 -- Form of Securities Purchase Agreement.

10.73 +++ Fourteenth Addendum to Lease Agreement dated as of May 18, 2004 between Patient Infosystems and Conifer Prince Street Associates.

10.74 +++ Form of Securities Purchase Agreement.

10.75 Agreement of Purchase and Sale dated as of August 26, 2004 by and among the Registrant, CBCA Care Management, Inc. and CBCA, Inc. previously filed with the Securities and Exchange Commission as an Exhibit to the Current Report on Form 8-K filed on September 1, 2004 and incorporated herein by reference.

10.76 Fourth Addendum to Second Amended and Restated Credit Agreement dated as of September 21, 2004 between Patient Infosystems and Wells Fargo Bank, National Association.

10.77 Modification Agreement dated as of September 22, 2004 between Patient Infosystems and Wells Fargo Bank, National Association.

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

-- Previously filed with the Securities and Exchange Commission as an Exhibit to the Annual Report on Form 10-K filed on March 30, 2004 and incorporated herein by reference.

* Previously filed with the Securities and Exchange Commission as an Exhibit to the Registration Statement on Form S-1 filed on July 3, 1996 and incorporated herein by reference.

** Previously filed with the Securities and Exchange Commission as an Exhibit to the Registration Statement on Form S-8 filed on May 3, 2000 and incorporated herein by reference.

*** Previously filed with the Securities and Exchange Commission as an Exhibit to the Annual Report on Form 10-K filed on April 2, 2001 and incorporated herein by reference.

+ Previously filed with the Securities and Exchange Commission as an Exhibit to the Annual Report on Form 10-K filed on April 13, 1999 and incorporated herein by reference.

++ Previously filed with the Securities and Exchange Commission as an Exhibit to the Annual Report on Form 10-K filed on March 30, 2000 and incorporated herein by reference.

+++ Previously filed with the Securities and Exchange Commission as an Exhibit to the Quarterly Report on Form 10-QSB filed on August 16, 2004 and incorporated herein by reference.

Previously filed with the Securities and Exchange Commission as an Exhibit to the Annual Report on Form 10-K filed on April 10, 2002 and incorporated herein by reference.

Previously filed with the Securities and Exchange Commission as an Exhibit to the Quarterly Report on Form 10-Q filed on November 14, 2002 and incorporated herein by reference.

Previously filed with the Securities and Exchange Commission as an Exhibit to the Annual Report on Form 10-K filed on March 31, 2003 and incorporated herein by reference.

^ Previously filed with the Securities and Exchange Commission as an Exhibit to the Quarterly Report on Form 10-QSB filed on May 15, 2003 and incorporated herein by reference.

^^ Previously filed with the Securities and Exchange Commission as an Exhibit to the Quarterly Report on Form 10-QSB filed on August 15, 2003 and incorporated herein by reference.

^^^ Previously filed with the Securities and Exchange Commission as an Exhibit to the Quarterly Report on Form 10-QSB filed on November 14, 2003 and incorporated herein by reference.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PATIENT INFOSYSTEMS, INC.

Date: November 15, 2004 By: /s/Kent A. Tapper

Name: Kent A. Tapper
Title: Senior Vice President
(Principal Financial Officer)

Date: November 15, 2004 By: /s/Roger L. Chaufournier

Name: Roger L. Chaufournier
Title: Director, President and
Chief Executive Officer
(Authorized Officer and
Principal Executive Officer)