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MEDIX RESOURCES INC
Form 10-Q
November 14, 2002

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED September 30, 2002

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

Commission File Number: 0-24768

MEDIX RESOURCES, INC.

(Exact name of issuer as specified in its charter)

Colorado 84-1123311

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

420 Lexington Avenue, Suite 1830 New York, New York 10170

(Address of principal executive offices) (Zip Code)

(212) 697-2509

(Issuer's telephone number, including area code)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 past 90 days. Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of November 11, 2002.

| | |
|---------------------------------|------------------|
| Common Stock, \$0.001 par value | 71,302,815 |
| ----- | ----- |
| Class | Number of Shares |

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MEDIX RESOURCES, INC.

Consolidated Balance Sheets

| | September 30, 2002 | December 31, 2001 |
|---------------------------------------|-----------------------|----------------------|
| | (Unaudited) | |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 267,000 | \$ 8,000 |
| Accounts receivable, trade | 1,000 | -- |
| Prepaid expenses and other | 240,000 | 344,000 |
| | ----- | ----- |
| Total current assets | 508,000 | 352,000 |
| Software development costs, net | 1,024,000 | 649,000 |
| Property and equipment, net | 335,000 | 365,000 |
| Goodwill, net | 1,735,000 | 1,735,000 |

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| | | |
|--------------------|--------------|--------------|
| Total assets | \$ 3,602,000 | \$ 3,101,000 |
| | ===== | ===== |

Liabilities and Stockholders' Equity

| | | |
|--|--------------|--------------|
| Current liabilities | | |
| Notes payable | \$ 17,000 | \$ 158,000 |
| Convertible notes payable | 1,000,000 | -- |
| Advance from related party | 50,000 | |
| Accounts payable | 567,000 | 851,000 |
| Accounts payable-related parties | 130,000 | 166,000 |
| Accrued expenses | 407,000 | 450,000 |
| Deferred revenue | 155,000 | -- |
| Accrued payroll taxes interest and penalties .. | 131,000 | 131,000 |
| | ----- | ----- |
| Total current liabilities | 2,457,000 | 1,756,000 |
| | ----- | ----- |
| Stockholders' equity | | |
| 1996 Preferred stock, 10% cumulative convertible, \$1 par value; 488 shares authorized; 155 shares issued; 1 share outstanding | -- | -- |
| 1999 Series B convertible preferred stock, \$1 par value; 2,000 shares authorized; 1,832 shares issued; 50 shares outstanding | -- | -- |
| 1999 Series C convertible preferred stock, \$1 par value; 2,000 shares authorized; 1,995 shares issued; 100 and 375 shares outstanding | -- | -- |
| Common stock, \$.001 par value; 100,000,000 authorized; 65,842,599 and 56,651,409 issued and outstanding | 66,000 | 56,000 |
| Dividends payable with common stock | 8,000 | 7,000 |
| Additional paid-in capital | 39,848,000 | 35,341,000 |
| Accumulated deficit | (38,777,000) | (34,059,000) |
| | ----- | ----- |
| Total stockholders' equity | 1,145,000 | 1,345,000 |
| | ----- | ----- |
| Total liabilities and stockholders' equity | \$ 3,602,000 | \$ 3,101,000 |
| | ===== | ===== |

MEDIX RESOURCES, INC.

Unaudited Consolidated Statements of Operations

| | For the Three Months Ended September 30, 2002 | For the Three Months Ended September 30, 2001 | For the Nine Months Ended September 30, 2002 | For the Nine Months Ended September 30, 2001 |
|----------------|--|--|---|---|
| Revenues | \$ -- | \$ -- | \$ 10,000 | \$ 30,000 |

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| | | | | |
|---|----------------|----------------|----------------|----------------|
| Direct costs of services | 103,000 | 5,000 | 495,000 | 38,000 |
| | ----- | ----- | ----- | ----- |
| Gross margin | (103,000) | (5,000) | (485,000) | (8,000) |
| | ----- | ----- | ----- | ----- |
| Software research and development costs | 153,000 | 348,000 | 533,000 | 947,000 |
| Selling, general and administrative expenses | 1,422,000 | 1,594,000 | 3,390,000 | 4,611,000 |
| Impairment of intangible Assets | -- | 1,111,000 | -- | 1,111,000 |
| | ----- | ----- | ----- | ----- |
| Net loss from operations | (1,678,000) | (3,058,000) | (4,408,000) | (6,677,000) |
| Other income | 2,000 | 11,000 | 7,000 | 11,000 |
| Financing Costs | (43,000) | (121,000) | (246,000) | (346,000) |
| Interest expense | (13,000) | (15,000) | (71,000) | (64,000) |
| | ----- | ----- | ----- | ----- |
| Net loss | \$ (1,732,000) | \$ (3,183,000) | \$ (4,718,000) | \$ (7,076,000) |
| | ===== | ===== | ===== | ===== |
| Net loss per common share | \$ (0.03) | \$ (0.06) | \$ (0.08) | \$ (0.14) |
| | ===== | ===== | ===== | ===== |
| Weighted average shares outstanding | 63,767,646 | 51,267,407 | 60,698,928 | 49,308,780 |
| | ===== | ===== | ===== | ===== |

Had the Company adopted FAS 142 as of January 1, 2001, the historical amounts previously reported would have been adjusted to the following:

| | | |
|---|----------------|----------------|
| Net (loss) as reported | \$ (3,183,000) | \$ (7,076,000) |
| Add back: Goodwill amortization | 39,000 | 121,000 |
| | ----- | ----- |
| Adjusted net loss | \$ (3,144,000) | \$ (6,955,000) |
| | ===== | ===== |
| Basic and diluted loss per share as reported | \$ (0.06) | \$ (0.14) |
| | ===== | ===== |
| Goodwill amortization | \$ -- | \$ -- |
| | ===== | ===== |
| Adjusted loss per share | \$ (0.06) | \$ (0.14) |
| | ===== | ===== |

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Unaudited Consolidated Statements of Cash Flows

| | For the Nine Months Ended September 30, | |
|---|--|----------------|
| | 2002 | 2001 |
| Cash flows from operating activities | | |
| Net loss | \$ (4,718,000) | \$ (7,076,000) |
| Adjustments to reconcile net income (loss) to net cash flows (used in) provided by operating activities | | |
| Depreciation and amortization | 238,000 | 375,000 |
| Amortization of discount and warrants-convertible debt | 70,000 | 374,000 |
| Options and warrants issued in conjunction with stock issuance, services and for litigation settlements, respectively | 177,000 | 503,000 |
| Options and warrants issued in for consulting services | 92,000 | -- |
| Write off of unrecoverable intangible assets, net | -- | 1,111,000 |
| Write off of leasehold improvements | 7,000 | -- |
| Net changes in current assets and current liabilities | 589,000 | 1,130,000 |
| Net cash flows (used in) provided by operating activities | (3,545,000) | (3,583,000) |
| Cash flows from investing activities | | |
| Software development costs incurred | (522,000) | (366,000) |
| Purchase of property and equipment | (69,000) | (66,000) |
| Net cash flows (used in) investing activities | (591,000) | (432,000) |
| Cash flows from financing activities | | |
| Advances received on convertible note | 1,000,000 | 1,500,000 |
| Advances from related party | 50,000 | -- |
| Proceeds from short term borrowings-related parties .. | 155,000 | -- |
| Repayment of short term borrowings-related parties ... | (191,000) | -- |
| Payments on capital leases and debt | (208,000) | (130,000) |
| Proceeds from the issuance of common stock, net of offering costs | 3,474,000 | 1,481,000 |
| Net proceeds from exercise of options and warrants ... | 115,000 | 230,000 |
| Net cash flows provided by (used in) financing activities | 4,395,000 | 3,081,000 |
| Net increase (decrease) in cash and cash equivalents ... | 259,000 | (934,000) |
| Cash and cash equivalents at beginning of period | 8,000 | 1,007,000 |
| Cash and cash equivalents at end of period | \$ 267,000 | \$ 73,000 |

Non-cash and investing and financing activities for the nine months ended September 30, 2002:

Options and warrants valued at \$92,000 for services provided.
Options valued at \$132,000 as financing costs issued to an officer for past

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financial support.
An accrued liability of \$590,000 for warrants earned in 2001 was satisfied by issuing the warrants.
Warrants issued to related party in connection with advances provided valued at \$45,000.
In-the-money conversion feature on convertible debt valued at \$70,000.
Financed insurance policies of \$65,000 by issuing a note payable.

Non-cash and investing and financing activities for the nine months ended September 30, 2001:

Conversion of preferred stock into common stock.
Conversion of \$1,000,000 note payable into 1,618,477 shares of common stock.
Financed insurance policies of \$3,000 by issuing a note payable.

MEDIX RESOURCES, INC.

Notes to Unaudited Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

The consolidated financial statements 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. The unaudited consolidated financial statements as of September 30, 2002 have been derived from audited financial statements. The unaudited consolidated financial statements contained herein should be read in conjunction with the financial statements and notes thereto contained in the Company's Form 10-K for the fiscal year ended December 31, 2001. The results of operations for the nine months ended September 30, 2002 are not necessarily indicative of the results for the entire fiscal year ending December 31, 2002.

Cost of Services Provided

Cost of services provided includes amortization of software development costs on projects ready for their intended use, license and data service fees.

Note 2 - Goodwill

| | September 30, 2002 |
|---|-----------------------|
| Goodwill acquired through the Cymedix acquisition | \$ 2,369,000 |
| Less accumulated amortization | (634,000) |
| | ----- |
| | \$ 1,735,000 |
| | ===== |

The Company has completed step one, impairment review of FAS 142, effective January 1, 2002, and has determined that the fair value of that goodwill associated with its Cymedix reporting unit using a discounted cash flow method had no impairment.

Note 3 - Equity Transactions

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The Company received proceeds of \$114,750 from the exercise of stock options resulting in the issuance of 315,000 shares of common stock during the first three quarters of 2002.

Equity Line

The Company had entered into an Equity Line of Credit Agreement dated as of June 12, 2001, which was terminated by the mutual agreement of the parties on August 6, 2002. During the period January to April 2002, the Company received \$972,000, net of commissions and escrow fees from eight equity line advances, resulting in the issuance of 1,954,715 shares of common stock.

Warrants

As of February 18, 2002, the Company executed a Amended and Restated Common Stock Purchase Warrant obligating the Company to issue up to 7,000,000 warrants under an agreement with a pharmacy management company for the Company's proprietary software to be interfaced with core medical service providers, in which one of the Company's audit committee members is a related party to the pharmacy management company. The agreement provides for 3,000,000 warrants with an exercise price of \$.30, 3,000,000 warrants with an exercise price of \$.50, and 1,000,000 warrants with an exercise price of \$1.75 all expiring September 8, 2004. The right to exercise the warrants are earned in increments based on certain performance criteria. At September 30, 2002, 1,850,000 of the warrants had been earned.

The Company has the obligation to provide 5,150,000 warrants under the Amended and Restated Common Stock Purchase Warrant in the future if the performance criteria specified are met.

The agreement provides for a total of 5,150,000 remaining warrants under five performance criteria categories which can be earned in any order or concurrently. Had all of the remaining performance criteria been met at September 30, 2002, the fair value of the related warrants and resulting expense would have been approximately \$ 1,691,000, using the Black-Scholes option pricing model, with assumptions of 121% volatility, no dividend yield and a risk-free rate of 5.5%.

Convertible Loan

The Company entered into a secured convertible loan agreement dated February 19, 2002 with WellPoint Health Networks Inc. in which a member of the Company's audit committee is a related party, pursuant to which we borrowed \$1,000,000. The loan would have become payable on February 19, 2003, if not converted into our common stock. The loan earned annual interest at a floating rate of 300 basis points over prime, as it is adjusted from time to time, which was also payable at maturity and may be converted into common stock. Conversion into common stock was at the option of either WellPoint or Medix at a contingent conversion price. The Company recorded financing costs during the first quarter of 2002 associated with this loan agreement as a result of the in-the-money conversion feature totaling \$70,000. The loan was secured by the grant of a security interest in all Medix's intellectual property, including its patent, copyrights and trademarks. Medix converted the principal of and interest accrued on the note into 2,405,216 common shares on October 9, 2002. The security interest in Medix's intellectual property was also released.

The Company received a \$50,000 advance from a director of the Company, during July 2002. The advance allows for conversion into 125,000 shares of the Company's common stock. The Company also issued 125,000 warrants, exercisable at \$.50 per share in connection with the advance. This advance was converted into 125,000 shares of common stock subsequent to September 30, 2002. The warrants

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and number of conversion shares are identical to those offered under the private placements.

Private Placements

During April 2002, the Company initiated a private placement of its \$.001 par value common stock. A total of 3,452,500 units were placed, each consisting of one share of common stock and one warrant. Subscribers purchased each unit for \$0.40 and are entitled to exercise warrant rights to purchase one share of the common stock of the company at a purchase price of \$.0.50 per share for a five year period on or after September 1, 2002 and prior to September 1, 2007. The Company received a total of \$1,381,000 from this private placement. The Company has committed to register the above underlying shares in a registration statement with the Securities and Exchange Commission within 90 days of completion of the offering. Subsequently, some of these subscribers holding warrants to purchase 1,770,000 shares of common stock, have agreed to amend the exercise period of their warrants from July 1, 2003 to December 31, 2008

During July 2002, the Company initiated a second private placement of its \$.001 par value common stock. A total of 3,600,000 units were placed during the period July to October 2002, each consisting of one share of common stock and one warrant. Subscribers purchased each unit for \$0.40 and are entitled to exercise warrant rights to purchase one share of the common stock of the company at a purchase price of \$.0.50 per share for a five year period on or after January 1, 2003 and prior to January 1, 2008. The Company received a total of \$1,440,000 from this private placement. The Company has committed to register the above underlying shares in a registration statement with the Securities and Exchange Commission within 90 days of completion of the offering.

Note 4 - Stock Options

During the first nine months of 2002, the Company granted options to purchase 1,918,500 shares at exercise- prices of \$.38 to \$.94 per share to current employees and directors and consultants of the Company, under the Company's 1999 Stock Option Plan. During the first nine months of 2002, 315,000 stock options were exercised.

Note 5 - Related Party Transactions

The Company received advances from a related party in 2001 that totaled \$166,000 at December 31, 2001. The entire amount was repaid during February 2002. During July and August 2002, the Company received advances that totaled \$130,000 from a related party.

The Company also received an advance of \$50,000 from a member of the board of directors during July 2002, which was converted subsequent to September 30, 2002 into 125,000 shares of common stock. The Company also issued 125,000 warrants, exercisable at \$.50 per share in connection with the advance. The warrants and number of conversion shares are identical to those offered under the private placements.

The Company has also entered into transactions and agreements with Wellpoint Health Networks, Inc., in which a member of the Company's audit committee is a related party. (See Note 3, Warrants and Convertible Loan.)

Note 6 - Litigation

August 7, 2001, a former officer of the Company filed an action, entitled Barry J. McDonald v. Medix Resources, Inc., f/k/a International Nursing Services,

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Inc., and John Yeros, CN 01CV2119, in the District Court of Arapahoe County, Colorado, against the Company and its former President and CEO. The plaintiff alleged (1) breach of an employment agreement, a stock option agreement and the related stock option plan, (2) a duty of good faith and fair dealing, and (3) violation of the Colorado Wage Claim Act. On August 13, 2002, we reached an agreement in principal with the plaintiff to settle the litigation by paying plaintiff \$25,000 on or before October 1, 2002, with no admission of liability on our part. This settlement agreement has been signed and the \$25,000 was paid during September 2002.

On December 17, 2001, Vision Management Consulting, L.L.C., filed suit against us in the Superior Court of New Jersey, Law Division - Essex County, in an action entitled Vision Management Consulting, L.L.C. v. Medix Resources, Inc., Docket No. ESX-L-11438-01. The complaint filed by Vision alleged breach of contract, unjust enrichment, breach of the duty of good faith and fair dealing and misrepresentation on the part of Medix in connection with our performance under a negotiated settlement agreement which we had entered into to resolve certain claims that existed between the parties and that arose out of the termination of operations of our Automated Design Concepts division earlier in 2001. On August 12, 2002, we reached an agreement in principal with Vision to settle this litigation by payment from us to Vision of \$55,000, to be paid over the next three months, with no admission of liability on our part. The settlement agreement has been signed and \$32,000 of the settlement amount was paid during September 2002.

Subsequent Events - Acquisition Letter of Intent

On October 30, 2002, the Company announced that it has entered into a non-binding Letter of Intent with PocketScript, LLC. Under the Letter of Intent, Medix would purchase all of the assets of PocketScript and related companies, subject to the completion of satisfactory due diligence on the part of both companies and negotiation and execution of definitive documents by December 20, 2002. If consummated, Medix would issue its convertible preferred stock to PocketScript, convertible into 12 million shares of common stock, subject to a downward adjustment if a certain closing value is not realized. In addition, Medix would issue up to \$4 million in additional convertible preferred stock if certain business enhancement events occur within six months of the closing of the acquisition. The sale of any stock issued by Medix would be restricted for periods from 3 to 24 months after closing. Medix must also pay to PocketScript \$100,000 on or before October 31, 2002. Medix will also enter into employment or consulting agreements with key PocketScript employees, and will be required to raise \$1 million prior to closing. Finally, PocketScript will obtain the termination of a right of first refusal held by a third party.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are an information technology company headquartered in New York City, with offices in Agoura Hills, California, Greenwood Village, Colorado and Marietta, Georgia. We specialize in the development, marketing and management of connectivity solutions for clinical and business transactions within the healthcare industry. Through our wholly owned subsidiary, Cymedix Lynx Corporation, a Colorado corporation, we have developed Cymedix(R), a unique healthcare communication technology product. Cymedix(R) software provides healthcare institutions, such as health plans, insurers and hospitals, as well as practicing physicians, with a set of non-invasive technology tools to enable Internet-based health care transactions among all parties.

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Implementation of the Cymedix(R)products suite promises to speed and improve the efficacy of daily interactions between health caregivers and their staffs, other ancillary providers (such as labs or pharmacy benefit managers), insurance companies, hospitals, Integrated Delivery Networks (IDNs) and Health Management Organizations (HMOs). We believe that the market for robust and practical healthcare solutions will grow rapidly, and that segment growth will continue to accelerate as the joined emphases of consumer choice, quality, administrative service and cost containment ratchets up demand for ever more efficient and user-friendly methods of delivering quality healthcare. Using the Cymedix(R)tools, medical professionals can order, prescribe and access medical information from participating insurance companies and managed care organizations, as well as from any participating outpatient service provider, such as a laboratory or pharmacy. Currently we provide our products to physician users at no charge, and collect transaction fees from sponsoring payors whenever our products are used to provide services. From time to time, we will pay honorariums or provide other incentives to selected physicians to engage their expertise as members of Company-sponsored advisory panels provide in-depth product feedback and establish "model office" operations in selected areas.

The detection of market restrictions that are local to Georgia has led to a rethinking and recalibration of physician marketing and distribution initiatives. Specifically, the Company will aggressively implement and test a variety of complementary pathways to expedite distribution and deployment of our technologies to physician communities in multiple markets, including: (i) nationally-oriented brand building; (ii) potential franchising and outsource arrangements; and (iii) licensing and co-branding opportunities.

Forward-Looking Statements and Associated Risks

This Report contains forward-looking statements, which mean that such statements relate to events or transactions that have not yet occurred, our expectations or estimates for our future operations and economic performance, our growth strategies or business plans or other events that have not yet occurred. Such statements can be identified by the use of forward-looking terminology such as "might," "may," "will," "could," "expect," "anticipate," "estimate," "likely," "believe," or "continue" or the negative thereof or other variations thereon or comparable terminology. The following paragraphs contain discussions of important factors that should be considered by prospective investors for their potential impact on forward-looking statements included in this Report. These important factors, among others, may cause actual results to differ materially and adversely from the results expressed or implied by the forward-looking statements.

We have reported net losses of (\$10,636,000), (\$5,415,000) and (\$4,847,000) for the years ended December 31, 2001, 2000 and 1999, respectively. At September 30, 2002 we had an accumulated deficit of (\$38,777,000) and a negative net working capital deficit of \$(1,949,000). These losses and negative operating cash flow have caused our accountants to include a "going concern" qualification in their report in connection with their audit of our financial statements for the year ended December 31, 2001.

We expect to continue to experience losses, in the near term, as our connectivity products are not yet deployed in full-scale transaction production and therefore are not generating significant revenue. Working capital is required to support the ongoing development and marketing of the Cymedix(R)service products until such time as revenue generation can support the Company financially. To address this need, we are presently in negotiations with institutional sources regarding debt and equity instruments to fund the Company. While there can be no assurance that additional investments or financings will be available to us as needed, management fully expects to conclude the necessary financing in the near term. Failure to obtain such capital on a timely basis

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could result in lost business opportunities, the sale of the Cymedix(R)business at a distressed price or the financial failure of our Company.

We develop products for Internet-based communications and information management for medical service providers, through our wholly owned subsidiary, Cymedix Lynx Corporation. Our Cymedix(R)products are still in the development and early deployment stage and have not generated any significant revenue to date. We are funding our operations through the sale of our securities. Our ability to continue to sell our securities can not be assured.

We are still in the process of gaining experience in marketing physician connectivity products, providing support services, evaluating demand for products, financing a technology business and dealing with government regulation of health information technology products. While we are putting together a team of experienced executives, they have come from different backgrounds and may require some time to develop an efficient operating structure and corporate culture for our company. See "The Company-Recent Developments."

As a developer of connectivity technology products, we will be required to anticipate and adapt to evolving industry standards and new technological developments. The market for our products is characterized by continued and rapid technological advances in both hardware and software development, requiring ongoing expenditures for research and development, and timely introduction of new products and enhancements to existing products. The establishment of standards is largely a function of user acceptance. Therefore, such standards are subject to change. Our future success, if any, will depend in part upon our ability to enhance existing products, to respond effectively to technology changes, and to introduce new products and technologies that are functional and meet the evolving needs of our clients and users in the healthcare information systems market. The introduction of physician connectivity products in our market has been slow due, in part, to the large number of small practitioners who are resistant to change and the implicit costs associated with change, particularly in a period of rising pressure to reduce costs in the market. In addition, the integration of processes and procedures with several payors and management intermediaries in a market area has taken more time than anticipated. The resulting delays continue to prevent the receipt of significant transaction fees and cause us to continue to raise money by the sale of our securities to finance our operations.

Our early-stage market approach concentrated product distribution efforts in a single market (Atlanta, GA), thereby amplifying the effect of localized market restrictions on Company prospects, and delaying large-scale distribution of our products. While the Company intends to mitigate these local factors with an aggressive strategy to develop alternate distribution channels in multiple markets, there can be no assurance of near term success.

We are currently devoting significant resources toward the development, distribution and deployment of our Cymedix(R)products. There can be no assurance that we will successfully complete the development of these products in a timely fashion or that our current or future products will satisfy the needs of the healthcare information systems market. Further, there can be no assurance that products or technologies developed by others will not adversely affect our competitive position or render our products or technologies noncompetitive or obsolete.

The success of our products and services in generating revenue may be subject to the quality and completeness of the data that is generated and stored by the physician or other healthcare professional and entered into our interconnectivity systems, including the failure to input appropriate or accurate information. Failure or unwillingness by the healthcare professional to accommodate the required information quality may result in the payor refusing to pay Medix for its services.

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Certain of our products provide applications that relate to patient medication histories and treatment plans. Any failure by our products to provide accurate, secure and timely information could result in product liability claims against us by our clients or their affiliates or patients. We do not yet have significant transactions over our network, so that the risks of a product liability claim are low. However, we are seeking product liability coverage, which may be prohibitive in cost. There can be no assurance that we will be able to obtain such coverage at an acceptable cost or that our insurance coverage would adequately cover any claim asserted against us. Such a claim could be in excess of the limits imposed by any policy we might be able to obtain. A successful claim brought against us in excess of any insurance coverage we might have could have a material adverse effect on our results of operations, financial condition or business. Even unsuccessful claims could result in the expenditure of funds in litigation, as well as diversion of management time and resources.

We have been granted certain patent rights, trademarks and copyrights relating to its software business. However, patent and intellectual property legal issues for software programs, such as the Cymedix products, are complex and currently evolving. Since patent applications are secret until patents are issued, in the United States, or published, in other countries, we cannot be sure that we are first to file any patent application. In addition, there can be no assurance that competitors, many of which have far greater resources than we do, will not apply for and obtain patents that will interfere with our ability to develop or market product ideas that we have originated. Further, the laws of certain foreign countries do not provide the protection to intellectual property that is provided in the United States, and may limit our ability to market our products overseas. We cannot give any assurance that the scope of the rights we have are broad enough to fully protect our Cymedix software from infringement.

Litigation or regulatory proceedings may be necessary to protect our intellectual property rights, such as the scope of our patent. In fact, the computer software industry in general is characterized by substantial litigation. Such litigation and regulatory proceedings are very expensive and could be a significant drain on our resources and divert resources from product development. There is no assurance that we will have the financial resources to defend our patent rights or other intellectual property from infringement or claims of invalidity. We have been notified by a party that it believes our pharmacy product may infringe on patents that it holds. We have retained patent counsel who made an investigation and determined, in its opinion, that our pharmacy product does not infringe on the identified patent. We have responded to the initial notice based on our counsel's opinion. At this time, no legal action has been instituted.

We also rely upon unpatented proprietary technology and no assurance can be given that others will not independently develop substantially equivalent proprietary information and techniques or otherwise gain access to or disclose our proprietary technology or that we can meaningfully protect our rights in such unpatented proprietary technology. We will use our best efforts to protect such information and techniques, however, no assurance can be given that such efforts will be successful. The failure to protect our intellectual property could cause us to lose substantial revenues and to fail to reach our financial potential over the long term.

The healthcare and medical services industry in the United States is in a period of rapid change and uncertainty. Governmental programs have been proposed, and some adopted, from time to time, to reform various aspects of the U.S. healthcare delivery system. Some of these programs contain proposals to increase government involvement in healthcare, lower reimbursement rates and otherwise change the operating environment for our customers. Particularly, HIPAA and the regulations that are being promulgated thereunder are causing the healthcare industry to change its procedures and incur substantial cost in doing so.

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Although we expect these regulations to have the beneficial effect of spurring adoption of our software products, we cannot predict with any certainty what impact, if any, these and future healthcare reforms might have on our software business.

Competition can be expected to emerge from established healthcare information vendors and established or new Internet related vendors. The most likely competitors are companies with a focus on clinical information systems and enterprises with an Internet commerce or electronic network focus. Many of these competitors will have access to substantially greater amounts of capital resources than we have access to, for the financing of technical, manufacturing and marketing efforts. Frequently, these competitors will have affiliations with major medical product or software development companies, who may assist in the financing of such competitor's product development. We will seek to raise capital to develop Cymedix products in a timely manner, however, so long as our operations remain under-funded, as they now are, we will be at a competitive disadvantage.

The success of the development, distribution and deployment of our Cymedix(R)products is dependent to a significant degree on our key management and technical personnel. We believe that our success will also depend upon our ability to attract, motivate and retain highly skilled, managerial, sales and marketing, and technical personnel, including software programmers and systems architects skilled in the computer languages in which our Cymedix(R)products operate. Competition for such personnel in the software and information services industries is intense. The loss of key personnel, or the inability to hire or retain qualified personnel, could have a material adverse effect on our results of operations, financial condition or business.

We have raised substantial amounts of capital in private placements from time to time. The securities offered in such private placements were not registered with the SEC or any state agency in reliance upon exemptions from such registration requirements. Such exemptions are highly technical in nature and if we inadvertently failed to comply with the requirements of any of such exemptive provisions, investors would have the right to rescind their purchase of our securities or sue for damages. If one or more investors were to successfully seek such rescission or institute such suit, Medix could face severe financial demands that could material and adversely affect our financial position.

As of October 10, 2002, we had 68,935,315 shares of common stock outstanding. As of that date, approximately 29,777,312 shares were issuable upon the exercise of outstanding options, warrants or other rights, and the conversion of preferred stock. Most of these shares will be immediately saleable upon exercise or conversion under registration statements we have filed with the SEC. The exercise prices of options, warrants or other rights to acquire common stock presently outstanding range from \$0.19 per share to \$4.97 per share. During the respective terms of the outstanding options, warrants, preferred stock and other outstanding derivative securities, the holders are given the opportunity to profit from a rise in the market price of the common stock, and the exercise of any options, warrants or other rights may dilute the book value per share of the common stock and put downward pressure on the price of the common stock. The existence of the options, conversion rights, or any outstanding warrants may adversely affect the terms on which we may obtain additional equity financing. Moreover, the holders of such securities are likely to exercise their rights to acquire common stock at a time when we would otherwise be able to obtain capital on terms more favorable than could be obtained through the exercise or conversion of such securities.

Financings that may be available to us under current market conditions, frequently involve below market current sales, as well as warrants or convertible debt that require exercise or conversion prices that are calculated in the future at a discount to the then market price of our common stock. Any

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agreement to sell, or convert debt or equity securities into, common stock at a future date and at a price based on the then current market price will provide an incentive to the investor or third parties to sell the common stock short to decrease the price and increase the number of shares they may receive in a future purchase, whether directly from us or in the market. The issuance of the common stock in connection with such exercise or conversion may result in substantial dilution to the common stock holdings of other holders of our common stock.

As with any business, growth in absolute amounts of selling, general and administrative expenses or the occurrence of extraordinary events could cause actual results to vary materially and adversely from the results contemplated by the forward-looking statements. Budgeting and other management decisions are subjective in many respects and thus susceptible to incorrect decisions and periodic revisions based on actual experience and business developments, the impact of which may cause us to alter our marketing, capital expenditures or other budgets, which may, in turn, affect our results of operation. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate, and therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives or plans for the Company will be achieved.

Results of Operation

Comparison of These Three Months Ended September 30, 2002 and September 30, 2001

Direct costs increased \$98,000 from \$5,000 at September 30, 2001 to \$103,000 at September 30, 2002. The increase reflects expenses incurred by the company for licenses and service fees incurred in 2002 related to establishment of infrastructure necessary to provide connectivity services to our customers.

Research and development costs decreased approximately \$195,000 or 56% for the three months ended September 30, 2001, to the three months ended September 30, 2002. This decrease represents the Company's capitalization of software development costs for products where the preliminary project stage has been completed, management has committed to funding the project and completion and use of the software for its intended use is probable. The Company is currently capitalizing costs related to various projects under its Cymedix Lab, Cymedix Pharmacy, Cymedix Universal Interface and Cymedix Internal Support Systems areas.

Selling, general, and administrative expenses decreased approximately \$172,000, or 11% from \$1,594,000 for the three months ended September 30, 2001, to \$1,422,000 for the three months ended September 30, 2002.

Decreases consisted of the following:

| | 3 Months ended September 2001 | 3 Months ended September 2002 | Expense Increase/ (Decrease) |
|---|--|--|------------------------------------|
| Black Scholes expense related to options and warrants granted to | | | |

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| | | | |
|--|---------|--------|-----------|
| non-employees for services, and WellPoint warrant expense | 590,000 | 66,000 | (524,000) |
| Goodwill Amortization | 43,000 | -- | (43,000) |
| | ----- | ----- | ----- |
| | | | (567,000) |

This was partially offset by the following increases in expenses:

| | | | |
|---|---------|---------|---------|
| Salaries, Wages and related taxes and benefits | 372,000 | 574,000 | 202,000 |
| Rent expense | 97,000 | 137,000 | 40,000 |
| Legal fees and settlement costs | 67,000 | 177,000 | 110,000 |
| Consulting fees | 66,000 | 104,000 | 38,000 |
| Insurance expense | 63,000 | 90,000 | 27,000 |
| | ----- | ----- | ----- |
| | | | 417,000 |

Loss from impairment decreased 100% from \$1,111,000 for the three months ended September 30, 2001 to \$0 for the three months ended September 30, 2002, due to the write off of impaired goodwill relating to Automated Design Concepts, Inc., and ZirMed.com during the third quarter of 2001.

Net loss from operations decreased approximately \$1,380,000 from \$3,058,000 for the three months ended September 30, 2001, to \$1,678,000 for the three months ended September 30, 2002, due to all of the reasons discussed above.

Financing costs decreased in 2002 due to financing costs incurred in 2001 of \$121,000 related to a \$2.5 million convertible debt credit facility available that did not exist in 2002 offset by \$43,000 in financing costs related to a convertible note issued during July 2002..

Total net loss decreased approximately \$1,451,000 from \$3,183,000 for the three months ended September 30, 2001, to \$1,732,000 for the three months ended September 30, 2002, also due to the reasons discussed above.

Comparison of The Nine Months Ended September 30, 2002 and September 30, 2001

Total revenues for the nine months ended September 30, 2002, were \$10,000 compared with \$30,000 for the nine months ended September 30, 2001.

Direct costs increased \$457,000 from \$38,000 at September 30, 2001 to \$495,000 at September 30, 2002. The increase reflects expenses incurred by the company for licenses and service fees incurred in 2002 related to establishment of infrastructure necessary to provide connectivity services to our customers. Selling, general, and administrative expenses decreased approximately \$1,221,000 or 26% from \$4,611,000 for the nine months ended September 30, 2001, to \$3,390,000 for the nine months ended September 30, 2002.

The decrease is due to cost cutting measures implemented by the company during 2001, which resulted in the following decreases at September 30, 2002 compared to September 30, 2001:

| 9 Months ended September 2001 | 9 Months ended September 2002 | Expense Increase/ (Decrease) |
|--|--|------------------------------------|
| ----- | ----- | ----- |

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| | | | |
|--|-----------|-----------|-------------|
| Black Scholes expense related to options and warrants granted to non-employees for services, and WellPoint warrant expense | 892,000 | 93,000 | (799,000) |
| Salaries and wages, | 1,485,000 | 1,257,000 | (228,000) |
| Consulting fees, | 419,000 | 291,000 | (128,000) |
| Goodwill Amortization | 122,000 | - | (122,000) |
| Settlements (of lawsuits), | 179,000 | 80,000 | (99,000) |
| Shareholder relations, | 189,000 | 141,000 | (48,000) |
| Travel and entertainment, | 126,000 | 97,000 | (29,000) |
| | ----- | ----- | ----- |
| | | | (1,453,000) |

This was partially offset by the following increases in expenses:

| | | | |
|-------------------|---------|---------|---------|
| Rent expense | 308,000 | 490,000 | 182,000 |
| Insurance expense | 153,000 | 255,000 | 102,000 |
| | ----- | ----- | ----- |
| | | | 284,000 |

Loss from impairment decreased 100% from \$1,111,000 for the nine months ended September 30, 2001 to \$0 for the nine months ended September 30, 2002, due to the write off of impaired goodwill relating to Automated Design Concepts, Inc., and ZirMed.com during the third quarter of 2001.

Net loss from operations decreased approximately \$2,269,000 from \$6,677,000 for the nine months ended September 30, 2001, to \$4,408,000 for the nine months ended September 30, 2002, due to all of the reasons discussed above.

Financing costs decreased in 2002 due to financing costs incurred in 2001 of \$346,000 related to a \$2.5 million convertible debt credit facility available that did not exist in 2002, offset by financing costs of \$70,000 incurred in February 2002 related to a \$1,000,000 convertible debt facility, \$133,000 in financing costs related to warrants issued to an officer of the company for loans he had made to the company during 2001, and \$43,000 in financing costs related to a convertible note issued during July 2002.

Net loss decreased approximately \$2,358,000 from \$7,076,000 for the nine months ended September 30, 2001, to \$4,718,000 for the nine months ended September 30, 2002, due to the reasons discussed above.

Liquidity and Capital Resources

We have \$267,000 in cash as of September 30, 2002 with net working capital deficit of \$(1,949,000) at September 30, 2002. During the nine months ended September 30, 2002, net cash used in operating activities was \$3,545,000. During the nine months ended September 30, 2002, we raised \$4,639,000 from the exercise of options and warrants, and the issuance of common stock and issuance of convertible debt. The additional cash generated allowed us to pay down outstanding accounts payable outstanding at December 31, 2001. We have been delinquent, from time to time, in the payment of our current obligations, including payments of withholding and other tax obligations. From time to time, members of senior management have made short-term loans to us to meet payroll

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obligations. However, there is no commitment to continue that practice. As noted above, we are presently in negotiations with institutional sources regarding debt and equity instruments to fund the Company. While there can be no assurance that additional investments or financings will be available to us as needed, management expects to obtain the necessary financing. Failure to obtain such capital on a timely basis could result in lost business opportunities, the sale of the Cymedix(R)business at a distressed price or the financial failure of Medix.

The Company entered into a secured convertible loan agreement, dated February 19, 2002, pursuant to which we borrowed \$1,000,000 from WellPoint Health Networks Inc. See footnote 3 to the Financial Statements. Medix converted the note into 2,405,216 common shares on October 9, 2002.

During April 2002, the Company initiated a private placement of its \$.001 par value common stock. A total of 3,452,500 units were placed through May 14, 2002, each consisting of one share of common stock and one warrant. Subscribers purchased each unit for \$0.40 and are entitled to exercise warrant rights to purchase one share of the common stock of the company at a purchase price of \$.0.50 per share for a five year period on or after September 1, 2002 and prior to September 1, 2007. The Company received a total of \$1,381,000 from this private placement. The Company has committed to register the above underlying shares in a registration statement with the Securities and Exchange Commission and has filed the registration statement with the Commission, [although it has not yet been declared effective].

During July 2002, the Company initiated a second private placement of its \$.001 par value common stock. A total of 3,600,000 units were placed, each consisting of one share of common stock and one warrant. Subscribers purchased each unit for \$0.40 and are entitled to exercise warrant rights to purchase one share of the common stock of the company at a purchase price of \$.0.50 per share for a five year period on or after January 1, 2003 and prior to January 1, 2008. The Company received a total of \$1,440,000 from this private placement. The Company has committed to register the above underlying shares in a registration statement with the Securities and Exchange Commission and has filed the registration statement with the Commission, [although it has not yet been declared effective].

Item 4: Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of Medix Resources, Inc. have conducted an evaluation of the Company's disclosure controls and procedures (as defined in Rule 13a-14(c) as promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) within 90 days of the filing date of this quarterly report. Based upon the results of this evaluation, the Chief Executive Officer and the Chief Financial Officer believe that the Company maintains controls and procedures that are effective in gathering, analyzing and disclosing all information in a timely fashion that is required to be disclosed in its Exchange Act reports. There have been no significant changes in the Company's controls subsequent to the evaluation date.

MEDIX RESOURCES, INC.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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August 7, 2001, a former officer of the Company filed an action, entitled Barry J. McDonald v. Medix Resources, Inc., f/k/a International Nursing Services, Inc., and John Yeros, CN 01CV2119, in the District Court of Arapahoe County, Colorado, against the Company and its former President and CEO. The plaintiff alleged (1) breach of an employment agreement, a stock option agreement and the related stock option plan, (2) a duty of good faith and fair dealing, and (3) violation of the Colorado Wage Claim Act. On August 13, 2002, we reached an agreement in principal with the plaintiff to settle the litigation by paying plaintiff \$25,000 on or before October 1, 2002, with no admission of liability on our part. This settlement agreement has been signed and the \$25,000 was paid during September 2002.

On December 17, 2001, Vision Management Consulting, L.L.C., filed suit against us in the Superior Court of New Jersey, Law Division - Essex County, in an action entitled Vision Management Consulting, L.L.C. v. Medix Resources, Inc., Docket No. ESX-L-11438-01. The complaint filed by Vision alleged breach of contract, unjust enrichment, breach of the duty of good faith and fair dealing and misrepresentation on the part of Medix in connection with our performance under a negotiated settlement agreement which we had entered into to resolve certain claims that existed between the parties and that arose out of the termination of operations of our Automated Design Concepts division earlier in 2001. On August 12, 2002, we reached an agreement in principal with Vision to settle this litigation by payment from us to Vision of \$55,000, to be paid over the next three months, with no admission of liability on our part. The settlement agreement has been signed and \$32,000 of the settlement amount was paid during September 2002.

From time to time, the Company is involved in claims and litigation that arise out of the normal course of business. Currently, other than as discussed above, there are no pending matters that in Management's judgment might be considered potentially material to us. Management does not believe that any of the litigation described above will have a material adverse effect on the Company.

Item 2. Changes in Securities and Use of Proceeds

Set forth below are the unregistered sales of securities by the Company for the quarter reported on. See Note 3 to the unaudited consolidated financial statements elsewhere herein for a description of the terms of the Units of Common Stock and warrants.

| Security Issued | Date | Number of Shares | Consideration | Purchasers | Exemption Claimed |
|---------------------------|----------------|------------------|---------------|---------------------------------|--|
| Common Stock and Warrants | July 2002 | 387,500 | \$155,000 | A total of 2 private investors | Section 4(2); Rule 506 of Regulation D |
| Common Stock and Warrants | August 2002 | 750,000 | \$310,000 | A total of 10 private investors | Section 4(2); Rule 506 of Regulation D |
| Common Stock and Warrants | September 2002 | 1,781,475 | \$710,000 | A total of 17 private investors | Section 4(2); Rule 506 of Regulation D |

Item 3. Defaults Upon Senior Securities

None.

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Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

Ms. Patricia A Miniccuci, formerly Executive Vice President of Operations, is leaving her employment with Medix and is currently negotiating the terms of a separation agreement.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

Included as exhibits are the items listed on the Exhibit Index. The Registrant will furnish a copy of any of the exhibits listed below upon payment of \$5.00 per exhibit to cover the costs to the Registrant of furnishing such exhibit.

99.1 Certification by Darryl R. Cohen, President and CEO under Section 302 of the Sarbanes-Oxley Act of 2002

99.2 Certification by Mark W. Lerner, Executive Vice President and CFO under Section 302 of the Sarbanes-Oxley Act of 2002

99.3 Copy of Letter of Intent between the Company and Pocket Script LLC dated 10/25/025

b. Reports on Form 8-K during the quarter reported on:

1) Form 8-K, filed with the Commission on August 5, 2002, reporting in Item 5 a press release announcing the initial field test findings for a laboratory connectivity project with Loyola University Medical Center.

2) Form 8-K, filed with the Commission on August 13, 2002, reporting in Item 5 a press release announcing the termination of the company's equity line of credit agreement.

3) Form 8-K, filed with the Commission on September 16, 2002, reporting in Item 5 a press release giving a progress report on the deployment of the company's product in the State of Georgia.

4) Form 8-K, filed with the Commission on September 27, 2002, reporting in Item 5 a press release announcing that the Board of Directors had appointed and new President and Chief Executive Officer of the company.

5) Form 8-K, filed with the Commission on September 30, 2002, reporting in Item 5 a press release announcing that the Board of Directors had selected a new Chairman of the Board.

MEDIX RESOURCES, INC.

SIGNATURES

In accordance with 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 thereunto duly authorized.

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Dated: November 13, 2002

MEDIX RESOURCES, INC.
(Registrant)

By: /s/ Mark W. Lerner

Mark W. Lerner

Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Certifications

President and CEO

I, Darryl R. Cohen, the President and Chief Executive Officer of Medix Resources, Inc. (the "Registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of

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Registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: November 7, 2002

/s/ Darryl R. Cohen

Name: Darryl R. Cohen

Title: President and Chief Executive Officer

Executive Vice President and CFO

I, Mark W. Lerner, the Executive Vice President and Chief Financial Officer of Medix Resources, Inc (the "Registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our

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most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated: November 7, 2002

/s/ Mark W. Lerner

Name: Mark W. Lerner

Title: Executive Vice President and Chief
Financial Officer