

OptimizeRx Corp
Form 10-K
March 12, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2012**

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

For the transition period from _____ to _____

Commission file number: **000-53605**

OptimizeRx Corporation

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

26-1265381

(I.R.S. Employer Identification No.)

400 Water Street, Ste. 200

Rochester, MI

(Address of principal executive offices)

48307

(Zip Code)

Registrant's telephone number: **248-651-6568**

Securities registered under Section 12(b) of the Exchange Act:

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Title of each class
none

Name of each exchange on which registered
not applicable

Securities registered under Section 12(g) of the Exchange Act:

Title of each class
Common Stock, par value of \$0.001

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **Yes [] No [X]**

Indicate by checkmark whether the registrant (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 [X] No []**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes [] No [X]**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 232.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Yes [] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

[] Large accelerated filer [] Accelerated filer
[] Non-accelerated filer [X] Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. **\$10,991,495**

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. **14,192,496 common shares as of March 12, 2013**

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PART I

Item 1. Business

Company Overview

The 2012 year showed continued growth in our company with an 85% increase in revenues of \$2,048,699 in 2012, as compared with our prior year. Our net loss also improved from \$1,453,977 in 2011 to \$364,345 in 2012.

For the fourth quarter of 2012, we more than doubled growth in revenues - from \$325,910 in 2011 to \$750,719 in 2012. Our bottom line significantly improved with net income of \$118,993 in the fourth quarter of 2012, as compared with a net loss of \$93,143 in the fourth quarter of 2011.

Our recent success is largely attributable to leveraging our market position to further acquire more brands and electronic health platforms to integrate eCoupon support within participating physician's electronic prescribing workflow.

We stuck out this year with a solid message to the pharmaceutical industry that was threefold:

- 1) SampleMD can deliver promotional scale to physicians at point of prescription through interoperability with multiple disparate electronic health platforms;
- 2) Electronic health platforms (EMRs, eRx, Patient Portals) are the new digital frontier to reaching physicians and patients as opposed to external web sites that have been traditionally the focus of their non-rep marketing; and
- 3) The ability of our SampleMD solution to integrate within multiple application platforms while adhering to compliance and regulatory requirements by defining and utilizing industry standards was a powerful message to the industry.

Throughout 2012, we promoted brand support programs, including eVouchers, eCopay Coupons and Patient Education, from 20 major pharmaceutical and medical manufacturers. We have also seen our client base increase with new programs initiated with Eli Lilly, Roche Diagnostics, Pfizer, Daiichi Sankyo, Roche Pharmaceutical, Alcon Laboratories and many others. The industry acknowledged SampleMD leadership in the marketplace as we established new partnerships with DrFirst, and new working relationships with Adheris and Krames Staywell.

Additionally, we launched SampleMD's unique "dashboard reporting" portal to our clients which enables our clients and platform partners to monitor their programs in real time and evaluate performance of individual channels and overall program effectiveness.

Our SampleMD solution also went live in the Allscripts PRO EMR solution. However, automated access to the additional 25,000 Allscripts PRO based clinicians has been limited due to doctors having to actively turn the eCoupon feature on. However, we are working with Allscripts senior management to internally remedy this obstacle because of the clear benefits to the healthcare provider, its patients and the payors looking to improve overall healthcare outcomes. We anticipate Allscripts PRO moving to an "opt-out" feature to turn the eCoupon tool off as opposed to turning it on, thus automating access to these providers in the second quarter of 2013.

We have begun the integration for SampleMD into HealthTronics, the largest Urology EMR in the country, which serves over 2,200 doctors. This specialty network is very significant to some of our current coupons for brands like Cialis and Vesicare, as well as positioning us to acquire other new brands and manufacturers who seek to reach these types of specialists. SampleMD is also in direct discussion with some of the largest remaining EMRs and ePrescribing platforms, along with the largest hospital and health systems.

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To further escalate our value and growth, we have formalized a partnership agreement with one of the premier and most respected brands in the industry: PDR, also known as Physicians Desk Reference. This allows both companies to leverage synergistic strengths to offer more solutions and reach to the pharmaceutical industry, as well as more value to the electronic health records (EMR/EHR) platforms. SampleMD will be PDR's eCoupon and Rep invite platform, and PDR will enable expansion of SampleMD's reach to additional EMRs and directly to physicians' offices via a PDR branded downloadable desktop application of the SampleMD solution.

Additionally, SampleMD has entered into a partnership and licensing agreement with LDM Group, a leading provider of patient support. In addition to settling the legal issues between our companies and giving us full licensing of their patents, LDM allows us to enter into a major new promotional channel: promotion at point of pharmacy. We will be LDM's exclusive eCoupon partner to offer both savings and educational support right when a patient receives their prescription fill.

In the fourth quarter of 2012, we were awarded a patent for our innovative SampleMD solution (US Patent No. 8,341,015). This award highlighted our continued research and development efforts. The awarded claims cover our ability to electronically process, display and distribute eligible prescription savings on the medications and therapies healthcare providers wish to prescribe for their patients. We have also recently submitted and will be preparing additional filings to protect our intellectual property on forthcoming solutions that will further assist and support physicians, pharmacists and patients.

In addition, we have hired Harness, Dickey & Pierce, a nationally ranked IP firm, to further expand and protect our intellectual property. Through them, we have filed two additional patents on our technology. We also used the firm to file a patent infringement lawsuit against Physicians Interactive. Management believes the current and expanding IP will allow us to continue being the leader in this rapidly growing space.

Adding strength to our organization, we have re-aligned our management team and added Mr. Shad Stastney as the new Chairman and Chief Executive Officer. Mr. Stastney, 43, has served as an active member of our board since 2009 and has provided us with keen insights and guidance. Mr. Stastney is a founding partner of Vicis Capital LLC, which managed assets that peaked at \$5 billion dollars. He graduated from the University of North Dakota in 1990 with a B.A. in Political Theory and History, and from Yale Law School in 1994 with a J.D. focusing on corporate and tax law.

From 1994 to 1997, he worked as an associate at Cravath, Swaine and Moore in New York, where he worked in the tax and corporate group, focusing on derivatives. In 1997, he joined CSFB's then-combined convertible/equity derivative origination desk. From 1998 through 2001, he worked in CSFB's corporate equity derivatives origination group, eventually becoming a Director and Head of the Hedging and Monetization Group, a joint venture between derivatives and equity capital markets. In 2001, he jointly founded Vicis Capital Management, LP, and in 2004, he jointly founded Vicis Capital LLC.

Mr. Harrell became Vice-Chairman and will be responsible for developing corporate strategy and product innovation. David Lester, will continue to manage company operations as Chief Operating Officer.

In summary, we remain committed to working with top organizations to provided better affordability and access to healthcare for the patients we serve. To achieve this, we will continue to work with leading providers in partnering to provide simple to use solutions. As compliance and regulatory requirements (i.e. meaningful use) continue to surround healthcare providers, OptimizeRx continues through its partnerships and internal R&D to become the “HUB” for providing access to these ease of use solutions.

With these continued efforts, we believe that SampleMD continues to be regarded as the innovative industry leader and setting the standards within this new frontier of digital EMR solution marketing for patient care.

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Principal Products and Applications

Our principal products and applications can be summarized as follows:

SampleMD - Today, almost 60% of doctors' offices ban or limit drug representatives and the samples they offer. Although samples are still valuable, many healthcare systems and doctors are looking for an easier, more effective way to increase affordable access and adherence to their prescribed branded medications which led us during the past year to develop our direct to physician solution called SampleMD.

§ SampleMD is a revolutionary virtual "Patient Support Center" that allows doctors and staff to access a universe of sample vouchers, co-pay coupons and the fulfillment and adjudication of claims directly from their or their EMR and/or e-Prescribe systems to search, print or electronically dispense drug samples , co-pay coupons and patient educational support through a national network of pharmacies. SampleMD eliminates the need for physicians to manage and store physical drug samples by offering a more convenient and efficient way to allocate, administer and track samples and co-pay savings provided to their patients.

OPTIMIZERx.com – Our Direct to Consumer WebSite is a portal to healthcare savings for patients to centrally review and participate in prescription and healthcare savings and support programs. To date, we have over 2.4 million members who have registered. We strive to provide all the information and guidance that patients § undergoing long-term pharmaceutical treatments may require. Patients can search by their medication or their condition in order to access educational information regarding their condition, information regarding their medication, coupons for instant savings when they purchase their medications, information on free drug trials, and guidance to any other savings programs available to them.

Marketing and Sales

We continue to extend our marketing efforts to build both brand and capabilities awareness to the market. As mentioned above, we actively participated in industry and partner events such as exlPharma and the ACE – Allscripts Users Conference. During the course of the year, we also initiated and delivered successful email marketing campaigns as well as successful public relations and press release communications initiatives. we have enlisted a successful advertising campaign through Pharma Exec magazine that netted several responses and qualified leads.

We plan to continue these efforts and with our marketing partners, we intend to continue to promote OPTIMIZERx and SampleMD primarily through the following:

Email Comapigns	§	Industry and Partner event
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Internet Marketing

§	Public Relations Campaigns
§	Physician Offices
§	Direct to Consumer Marketing
§	Trade Media Advertising
§	Pharmacy Partners
§	Physician Organizations and Associations
§	Strategic Relationships

We also work through our existing and new partners, including Dr First, Allscripts and PDR, to promote our services.

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Research and Development

We are keen on the opinions and input that we gain from all stake holders by which our products and solutions cross. From the prescribing clinicians that utilize our solutions to add value to the patients they serve, to the partners we use to leverage their channels for distribution and promotion of the services, we are able to greatly assist the pharmaceutical manufacturing clients that depend on our solutions to increase their brand awareness and assist patients in need of their offerings. This “Voice of the Stake Holder” is a mantra that we leverage in analyzing industry trends and market shifts and identifying enhancements and new offerings through our SampleMD™ solution. This effort involves all of our officers and directors as part of our continual research development team while monitoring new technologies, trends, services, and partnerships that can help us provide additional services and increased value to the healthcare and pharmaceutical industries and to the patients they serve.

We have developed two new key functions involved with allowing a live chat or conversation between the health provider and product manufacturer or service, as well as a one click way to request a representative visit. This addresses major access barriers that limit doctors interaction with the manufacturer and allows the health system or provider to access needed information when they want it.

Last year we added a Director of Technology and Director of Software Development to strengthen our core technical team while further developing our core portfolio products and solutions, and begin development of new solutions offerings to expand our solutions offerings footprint. We also continue to work with the Engineering and Information Technology department of Oakland University in Rochester Michigan. As the University has opened the doors of its new medical school, it also brings highly skilled technology and application developers whom possess a solid knowledge of medical industry IT requirements.

We continue our commitment to educate both our direct and our extended teams through an understanding of all market dynamics that have the potential to affect our business in both the short and long term. Our primary goal is to help patients better afford and access the medicines their doctors prescribe, as well as other healthcare products and services they need. Based on this goal, we continually seek better ways to meet this mission through the use of improved technology, user feedback, and working closely with the pharmaceutical industry. We are continually seeking new ways we can engage the pharmaceutical industry to provide new support programs to patients in need of their products.

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Competition

SampleMD has faced some competition based on the growth in the space primarily by Physicians Interactive. As noted, we have filed a patent infringement suit against the company.

The OptimizeRx.com website continues to compete in the highly competitive pharmaceutical and healthcare advertising industry that is dominated by large well-known companies with established names, solid market niches, wide arrays of product offerings and marketing networks. Our largest competitors include a variety of healthcare website publishers and networks that provide online advertising competition to OPTIMIZERx.com, including Quality Health, WebMD, McKesson, and Drugs.com.

Quality Health – Quality Health hosts an interactive website that allows users to research information regarding -medical conditions, medications, and treatments. Visitors to their website can also search for doctors or health centers in their area, both generally and specific to their condition.

WebMD – WebMD provides in-depth reference material regarding medical conditions and medicines to users. -Individuals can search for a diagnosis via symptoms or research details regarding their previously diagnosed medical conditions. Online support forums are also hosted for patients with particularly challenging conditions.

McKesson – McKesson Corporation has been providing health care services in the United States for over 175 years. They act as a distributor for pharmaceutical companies to a network of pharmacies, and have developed online -solutions for customers, third-party payors, and manufacturers. McKesson has significantly greater financial resources and brand recognition than we do.

Intellectual Property

In the fourth quarter of 2012, we were awarded a patent for our innovative SampleMD solution (US Patent No. 8,341,015). This award highlighted our continued research and development efforts. The awarded claims cover our ability to electronically process, display and distribute eligible prescription savings on the medications and therapies healthcare providers wish to prescribe for their patients. We have also recently submitted and will be preparing additional filings to protect our intellectual property on forthcoming solutions that will further assist and support physicians, pharmacists and patients.

In addition, we have hired Harness, Dickey & Pierce, a nationally ranked IP firm, to further expand and protect our intellectual property. Through them, we have filed two additional patents on our technology. We also used the firm to file a patent infringement lawsuit against Physicians Interactive. Management believes the current and expanding IP will allow us to continue being the leader in this rapidly growing space.

OPTIMIZERx is a licensed trademark. SampleMD is a licensed trademark.

Our intellectual property is developed significantly each month. Since inception, we have developed and launched OFFERx and ADHERxE, and we are further integrating these platforms to provide more robust offerings. OPTIMIZERx.com and OFFERx are patent pending.

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Government Regulation

Fraud and Abuse Laws

Anti-Kickback Statutes

The federal healthcare program Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the furnishing, arranging for or recommending a good or service for which payment may be made in whole or part under a federal healthcare program such as Medicare or Medicaid. The definition of remuneration has been broadly interpreted to include anything of value, including for example gifts, discounts, the furnishing of supplies or equipment, credit arrangements, payments of cash and waivers of payments. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals or otherwise generate business involving goods or services reimbursed in whole or in part under federal healthcare programs, the statute has been violated. The law contains a few statutory exceptions, including payments to bona fide employees, certain discounts and certain payments to group purchasing organizations. Violations can result in significant penalties, imprisonment and exclusion from Medicare, Medicaid and other federal healthcare programs. Exclusion of a manufacturer would preclude any federal healthcare program from paying for its products. In addition, kickback arrangements can provide the basis for an action under the Federal False Claims Act, which is discussed in more detail below. The Anti-Kickback Statute is broad and potentially prohibits many arrangements and practices that are lawful in businesses outside of the healthcare industry. Recognizing that the Anti-Kickback Statute is broad and may technically prohibit many innocuous or beneficial arrangements, the Office of Inspector General of Health and Human Services, or OIG, issued a series of regulations, known as the safe harbors, beginning in July 1991. These safe harbors set forth provisions that, if all the applicable requirements are met, will assure healthcare providers and other parties that they will not be prosecuted under the Anti-Kickback Statute. The failure of a transaction or arrangement to fit precisely within one or more safe harbors does not necessarily mean that it is illegal or that prosecution will be pursued. However, conduct and business arrangements that do not fully satisfy each applicable safe harbor may result in increased scrutiny by government enforcement authorities such as the OIG. Arrangements that implicate the Anti-Kickback Law, and that do not fall within a safe harbor, are analyzed by the OIG on a case-by-case basis. Government officials have focused recent enforcement efforts on, among other things, the sales and marketing activities of healthcare companies, and recently have brought cases against individuals or entities with personnel who allegedly offered unlawful inducements to potential or existing customers in an attempt to procure their business. Settlements of these cases by healthcare companies have involved significant fines and/or penalties and in some instances criminal pleas. In addition to the Federal Anti-Kickback Statute, many states have their own kickback laws. Often, these laws closely follow the language of the federal law, although they do not always have the same exceptions or safe harbors. In some states, these anti-kickback laws apply with respect to all payors, including commercial health insurance companies.

False Claims Laws

Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, or causing to be made, a false statement to get a false claim paid. Manufacturers can be held liable under false claims laws, even if they do not submit claims to the government, if they are found to have caused submission of false claims. The Federal Civil False Claims Act also includes whistleblower provisions that allow private citizens to bring suit against an entity or individual on behalf of the United States and to recover a portion of any monetary recovery. Many of the recent highly publicized settlements in the healthcare industry related to sales and marketing practices have been cases brought under the False Claims Act. The majority of states also have statutes or regulations similar to the federal false claims laws, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. Sanctions under these federal and state laws may include civil monetary penalties, exclusion of a manufacturer's products from reimbursement under government programs, criminal fines and imprisonment.

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Privacy and Security

The Health Insurance Portability and Accountability Act of 1996, or HIPAA, and the rules promulgated there under require certain entities, referred to as covered entities, to comply with established standards, including standards regarding the privacy and security of protected health information, or PHI. HIPAA further requires that covered entities enter into agreements meeting certain regulatory requirements with their business associates, as such term is defined by HIPAA, which, among other things, obligate the business associates to safeguard the covered entity's PHI against improper use and disclosure. While not directly regulated by HIPAA, our customers or distributors might face significant contractual liability pursuant to such an agreement if the business associate breaches the agreement or causes the covered entity to fail to comply with HIPAA. It is possible that HIPAA compliance could become a substantial regulatory burden and expense to our operations, although we do not believe that this will occur as a general website publisher.

Corporate History

Optimizer Systems, LLC was formed in the State of Michigan on January 31, 2006. It then became a corporation in the state of Michigan on October 22, 2007 and changed its name to OptimizeRx Corporation on October 22, 2007. On April 14, 2008, our company, known at the time as RFID Ltd., entered into a share exchange agreement with the stockholders of OptimizeRx Corporation, pursuant to which the stockholders of OptimizeRx Corporation exchanged all of the issued and outstanding capital stock of OptimizeRx Corporation for 10,664,000 shares of common stock of RFID Ltd.. As of April 30, 2008, RFID's officers and directors resigned their positions and RFID changed its business to OptimizeRx's business. As a result, the historical discussion and financial statements included in this annual report are those of OptimizeRx Corporation. On April 15, 2008, RFID Ltd's corporate name was changed to OptimizeRx Corporation. On September 4, 2008, we then completed a migratory merger, thereby changing our state of incorporation from Colorado to Nevada, resulting in the current corporate structure in which we, OptimizeRx Corporation, a Nevada corporation is the parent corporation, and OptimizeRx Corporation, a Michigan Corporation is our wholly-owned subsidiary.

Employees

As of December 31, 2012, we had 11 full-time employees and 2 part time / co-op employees in addition to 3 contracted programmers through our established a relationship with Oakland University for technical and programming resources.

Subsidiaries

We conduct our operations through our wholly-owned subsidiary, OptimizeRx Michigan.

Item 2. Properties

Currently, we do not own any real estate. Our principal executive offices are located at 400 Water Street, Suite 200, Rochester, Michigan, 48307. We have entered into a 3 year lease for this 2,886 square foot facility, with a cost of approximately\$5,049.25 per month. We believe that our properties are adequate for our current needs, but growth potential may require larger facilities due to anticipated addition of personnel. We do not have any policies regarding investments in real estate, securities or other forms of property.

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Item 3. Legal Proceedings

Aside from the following, we are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

On November 5, 2012, LDM Group, LLC commenced an action against us in the United States District Court for the Eastern District of Missouri, Eastern Division. The complaint alleges that we infringed on a patent issued on February 21, 2012 in favor of LDM. LDM alleges that its patent is an invention of a method for making available targeted content to a prescription medication patient while the patient is still in the physician's office. According to LDM, our Integrated SampleMD uses systems and methods that perform the elements of the LDM patent and, therefore, infringes on its patent.

We intend to vigorously defend the action brought by LDM.

On February 6, 2013, we filed a Complaint for Patent Infringement against Physicians Interactive Inc., Physicians Interactive Holdings, Inc. and Skyscape.com, in which we allege that one or more of those entities has infringed on United States Patent No. 8,341,015. As of March 11, 2013, no further action has occurred in that case.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

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Our common stock is quoted under the symbol “OPRX” on the OTCBB operated by the Financial Industry Regulatory Authority, Inc. (“FINRA”) and the OTCQB operated by OTC Markets Group, Inc. Few market makers continue to participate in the OTCBB system because of high fees charged by FINRA. Consequently, market makers that once quoted our shares on the OTCBB system may no longer be posting a quotation for our shares. As of the date of this report, however, our shares are quoted by several market makers on the OTCQB. The criteria for listing on either the OTCBB or OTCQB are similar and include that we remain current in our SEC reporting. Our reporting is presently current and, since inception, we have filed our SEC reports on time.

Only a limited market exists for our securities. There is no assurance that a regular trading market will develop, or if developed, that it will be sustained. Therefore, a shareholder may be unable to resell his securities in our company.

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The following tables set forth the range of high and low prices for our common stock for the each of the periods indicated as reported by the OTCQB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Fiscal Year Ending December
31, 2012

Quarter Ended	HighLow	
	\$	\$
December 31, 2012	1.61	0.85
September 30, 2012	1.85	0.43
June 30, 2012	1.35	0.75
March 31, 2012	1.23	0.53

Fiscal Year Ending December
31, 2011

Quarter Ended	HighLow	
	\$	\$
December 31, 2011	1.37	0.25
September 30, 2011	1.44	0.21
June 30, 2011	1.08	0.45
March 31, 2011	1.09	0.60

On March 11, 2013, the last sales price per share of our common stock was \$1.25.

Penny Stock

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure

document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

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Holders of Our Common Stock

As of March 12, 2013, we had 14,232,496 shares of our common stock issued and outstanding, held by 310 shareholders of record, not including those held in street name.

Dividends

We currently intend to retain future earnings for the operation of our business. We have never declared or paid cash dividends on our common stock, and we do not anticipate paying any cash dividends in the foreseeable future.

In the event that a dividend is declared, common stockholders on the record date are entitled to share ratably in any dividends that may be declared from time to time on the common stock by our board of directors from funds legally available.

There are no restrictions in our articles of incorporation or bylaws that restrict us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. We would not be able to pay our debts as they become due in the usual course of business; or
2. Our total assets would be less than the sum of our total liabilities, plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

Securities Authorized for Issuance under Equity Compensation Plans

We are currently in the process of establishing a new stock incentive plan for employees, directors and consultants that provide valuable services to our company. We expect to have the plan adopted by our board of directors in the coming months.

Equity Compensation Plans as of December 31, 2012

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Plan Category	A Number of securities to be issued upon exercise of outstanding options, warrants and rights	B Weighted-average exercise price of outstanding options, warrants and right	C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
Equity compensation plans approved by security holders	-	-	-
Equity compensation plans not approved by security holders	13,411,100	2.14	-
Total	13,411,100	2.14	-

Recent Sales of Unregistered Securities

The information set forth below describes our issuance of securities without registration under the Securities Act of 1933, as amended, during the year ended December 31, 2012, that were not previously disclosed in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K:

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On October 12, 2012, we issued a five year option to a consultant to purchase 25,000 shares of our common stock at an exercise price of \$1.58 per share.

These issuances were deemed to be exempt under rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933, as amended, since, among other things, the transactions did not involve a public offering, the investors were accredited investors and / or qualified institutional buyers, the investors had access to information about the Company and their investment, the investors took the securities for investment and not resale, and the Company took appropriate measures to restrict the transfer of the securities.

Item 6. Selected Financial Data

A smaller reporting company is not required to provide the information required by this Item.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements.” These forward-looking statements generally are identified by the words “believes,” “project,” “expects,” “anticipates,” “estimates,” “intends,” “strategy,” “plan,” “may,” “will,” “would,” “will be,” “likely result,” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

Results of Operations for the Years Ended December 31, 2012 and 2011

Revenues

Our total revenue reported for year ended December 31, 2012 was \$2,048,699, an increase from \$1,111,520 from the prior year.

Our increased revenue for the year ended December 31, 2012 as compared with the prior year is a result of the continued viability of our SampleMD solution and the setup and integration fees for pharmaceutical manufacturers whom are participating within this offering.

Operating Expenses

Operating expenses increased to \$2,413,044 for the year ended December 31, 2012 from \$2,565,497 for the year ended December 31, 2011. Our major expenses for the year ended December 31, 2012 were advertising expenses of \$57,218, professional fees of \$263,396, consulting expenses of \$19,148, salaries, wages, and benefits of \$1,184,367, rent of \$62,362, depreciation and amortization of \$187,104, stock based compensation of \$285,605 and general and administrative expenses of \$353,844. In comparison, our operating expenses for the year ended December 31, 2011 were advertising expenses of \$544,071, professional fees of \$342,503, consulting expenses of \$185,174, salaries, wages, and benefits of \$864,655, rent of \$37,868, depreciation and amortization of \$145,315 and general and administrative expenses of \$445,911.

Our expenses decreased in 2012 as compared with 2011 largely as a result of decreased advertising costs, professional fees, consulting expenses and general and administrative costs. .

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Other Income/Expenses

Other income was \$369 for year ended December 31, 2012 an increase from other expenses of \$666,785 for same period ended 2011. We had \$958,641 in interest expenses in 2011 over only \$100 in 2012, which mostly accounted for the difference.

Net Loss

Net loss for the year ended December 31, 2012 was \$363,976, compared to net loss of \$ 2,120,762 for the year ended December 31, 2011.

Notwithstanding the net loss for the year, we believe that our company is starting to show real signs of improvement. In our fourth quarter 2012, we had revenues of \$750,719, as compared to revenues of \$325,910 for our fourth quarter 2011.

Liquidity and Capital Resources

As of December 31, 2012, we had total current assets of \$969,219 and total assets in the amount of \$2,175,404. Our total current liabilities as of December 31, 2012 were \$679,945. We had working capital of \$289,274 as of December 31, 2012.

Operating activities used \$624,033 in cash for the year ended December 31, 2012. Our net loss of \$363,976 along with \$282,019 in accounts payable, \$60,000 in accrued expenses, \$151,851 in accounts receivable, and \$281,353 in deferred revenue were the primary components of our negative operating cash flow, offset mainly by \$180,640 in stock-based compensation, \$187,104 in depreciation and amortization and \$50,874 in prepaid expenses.

Investing activities used \$50,870 during the year ended December 31, 2012 largely as a result of website development costs.

On September 16, 2011, we entered into a Securities Purchase Agreement with Vicis Capital Master Fund for sale of up to 50 shares of our Series B Preferred Stock and warrants to purchase up to 3,333,334 shares of our common stock with an exercise price of \$3.00 per share.

We have sold 15 shares of Series B Preferred Stock and a warrant to purchase 1,000,000 shares of our common stock at the above exercise price for \$1,500,000. This money was used to pay off a promissory note we had with Physicians Interactive and the balance is for working capital.

Our financing deal with Vicis has lapsed according to the terms of the Securities Purchase Agreement. However, we are in discussions with Vicis, who we feel is a committed financial partner, to address our capital needs as we continue to generate revenues and our business expands. There is no written agreement in place for such financing, but we will update our disclosures if and when such financing becomes available.

On January 10, 2013, we entered into a Securities Redemption Option Agreement with Vicis that provides us with an option to purchase all of the outstanding shares and derivative securities held by Vicis for total payment of nine million dollars (\$9,000,000). The shares and derivative securities include the Series A Convertible Preferred Stock, Series B Convertible Preferred Stock, Common Stock, and warrants to purchase shares of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock held by Vicis. Our option expires on December 31, 2013 and may be extinguished if Vicis sells its securities before we exercise our option.

As of December 31, 2012 with the current level of financing and cash on hand, we have sufficient cash to operate our business at the current level for the next twelve months but insufficient cash to achieve our business goals unless we: a) realize cash revenues on sales generated; and/or b) receive financing from Vicis. We are uncertain what type of financing we will need as we continue to ramp up our revenue stream. As mentioned, we are continually in contact with Vicis about our financing needs and hope to have something in place if we need more cash.

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Off Balance Sheet Arrangements

As of December 31, 2012, there were no off balance sheet arrangements.

Critical Accounting Policies

In December 2001, the SEC requested that all registrants list their most “critical accounting policies” in the Management Discussion and Analysis. The SEC indicated that a “critical accounting policy” is one which is both important to the portrayal of a company’s financial condition and results, and requires management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Our critical accounting policies are set forth in Note 2 to the financial statements.

Recently Issued Accounting Pronouncements

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company’s results of operation, financial position or cash flow.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data

Index to Financial Statements Required by Article 8 of Regulation S-X:

Audited Financial Statements:

F-1 Report of Independent Registered Public Accounting Firm;

F-2 Consolidated Balance Sheets as of December 31, 2012 and 2011;

F-3 Consolidated Statements of Operations for the years ended December 31, 2012 and 2011;

F-4 Consolidated Statement of Stockholders' Equity as of December 31, 2012;

F-5 Consolidated Statements of Cash Flows for the years ended December 31, 2012 and 2011; and

F-6 Consolidated Notes to Financial Statements.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors

OptimizeRx Corporation

Rochester, Michigan

We have audited the accompanying consolidated balance sheets of OptimizeRx Corporation as of December 31, 2012 and 2011, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OptimizeRx Corporation, as of December 31, 2012 and 2011 and the results of their operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

/s/ Silberstein Ungar, PLLC

Silberstein Ungar, PLLC

Bingham Farms, Michigan

March 8, 2013

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Table of Contents**OPTIMIZERx CORPORATION****CONSOLIDATED BALANCE SHEETS****AS OF DECEMBER 31, 2012 AND 2011**

ASSETS

	December 31, 2012	December 31, 2011
Current Assets		
Cash and cash equivalents	\$284,263	\$959,166
Accounts receivable	616,798	471,870
Prepaid expenses	68,158	119,032
Total Current Assets	969,219	1,550,068
Property and equipment, net	20,685	23,931
Other Assets		
Patent rights, net	793,236	847,941
Web development costs, net	387,215	465,498
Security deposit	5,049	5,049
Total Other Assets	1,185,500	1,318,488
TOTAL ASSETS	\$2,175,404	\$2,892,487

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable - trade	\$54,693	\$336,712
Accounts payable - related party	570,000	570,000
Accrued expenses	6,000	66,000
Deferred revenue	49,252	330,605
Total Liabilities	679,945	1,303,317
Stockholders' Equity		
Common stock, \$.001 par value, 500,000,000 shares authorized, 14,232,496 and 14,192,496 shares issued and outstanding	14,232	14,192
Preferred stock, \$.001 par value, 10,000,000 shares authorized, 65 shares issued and outstanding	-0-	-0-
Stock warrants	20,058,051	20,826,934
Additional paid-in-capital	6,164,666	5,125,558
Accumulated deficit	(24,741,490)	(24,377,514)
Total Stockholders' Equity	1,495,459	1,589,170
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,175,404	\$2,892,487

The accompanying notes are an integral part of these financial statements.

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Table of Contents**OPTIMIZERx CORPORATION****CONSOLIDATED STATEMENTS OF OPERATIONS****FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	For the year ended December 31, 2012	For the year ended December 31, 2011
REVENUE		
Sales	\$2,048,699	\$1,111,520
TOTAL REVENUE	2,048,699	1,111,520
EXPENSES		
Operating expenses (See note 17)	2,413,044	2,565,497
TOTAL EXPENSES	2,413,044	2,565,497
LOSS FROM OPERATIONS	(364,345)	(1,453,977)
OTHER INCOME (EXPENSE)		
Interest income	469	1,290
Other income	-0-	290,566
Interest expense	(100)	(958,641)
TOTAL OTHER INCOME (EXPENSE)	369	(666,785)
LOSS BEFORE PROVISION FOR INCOME TAXES	(363,976)	(2,120,762)
PROVISION FOR INCOME TAXES	-0-	-0-
NET LOSS	\$(363,976)	\$(2,120,762)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	14,215,884	13,921,669
NET LOSS PER SHARE: BASIC AND DILUTED	\$(0.03)	\$(0.15)

The accompanying notes are an integral part of these financial statements.

Table of Contents**OPTIMIZERx CORPORATION****CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY****AS OF DECEMBER 31, 2012**

	Common Stock		Preferred Stock		Stock	Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Warrants	Paid-in Capital	Deficit	Stockholders' Equity
Balance, January 1, 2011	13,606,676	\$13,607	50	\$-0-	\$20,281,328	\$3,355,615	\$(21,756,752)	\$1,893,798
Outstanding share adjustment	10,000	10				(10)		-0-
Issuance of common stock: for preferred dividends	475,820	475				499,525	(500,000)	-0-
for settlement equity issuance costs	100,000	100				114,900		115,000
						(172,500)		(172,500)
Issuance of preferred stock and stock warrants			15		644,540	855,460		1,500,000
Issuance of stock options: for consulting to employees						184,149		184,149
						189,485		189,485
Cancellation of stock warrants:					(98,934)	98,934		-0-

for
settlement

Net loss for
the year

(2,120,762) (2,120,762)

Balance,
December 14,192,496
31, 2011