

PROXYMED INC /FT LAUDERDALE/

Form DEF 14A

April 25, 2005

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SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11c or Section 240.14a-12

PROXYMED, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction: _____

(5) Total fee paid: _____

- Fee paid previously with preliminary materials.

- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: _____

(2) Form, Schedule or Registration Statement No.: _____

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**PROXYMED, INC.
1854 SHACKLEFORD COURT, SUITE 200
ATLANTA, GEORGIA 30093
(770) 806-9918**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 1, 2005**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders (the Annual Meeting) of ProxyMed, Inc., a Florida corporation (the Company), will be held on Wednesday, June 1, 2005, at 9:00 a.m., Eastern Daylight Savings time, at the Company s corporate offices located at 1854 Shackleford Court, Suite 200, Atlanta, Georgia 30093, for the following purposes, all of which are set forth more completely in the accompanying Proxy Statement:

- (1) The election of six persons to the Board of Directors to serve until the next Annual Meeting of Shareholders or until election and qualification of their respective successors;
- (2) Ratification and approval of Deloitte & Touche LLP (Deloitte & Touche) as the Company s independent certified registered public accountants for the 2005 fiscal year; and
- (3) To transact such other business as may properly come before the Annual Meeting.

The Board of Directors recommends that you vote IN FAVOR OF proposals 1 and 2 and that you allow the Company representative to vote the shares represented by your proxy as recommended by the Board of Directors.

Pursuant to the Company s Bylaws, the Board of Directors has fixed the close of business on April 6, 2005, as the record date for determining those shareholders entitled to notice of and to vote at the Annual Meeting.

A FORM OF PROXY AND THE ANNUAL REPORT OF THE COMPANY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004 ARE ENCLOSED. YOUR VOTE IS VERY IMPORTANT. IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. THEREFORE, WHETHER OR NOT YOU PLAN TO BE PRESENT IN PERSON AT THE ANNUAL MEETING, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE, WHICH DOES NOT REQUIRE POSTAGE IF MAILED IN THE UNITED STATES. YOUR PROXY MAY BE REVOKED AT ANY TIME BEFORE THE VOTE AT THE ANNUAL MEETING BY FOLLOWING THE PROCEDURES OUTLINED IN THE ACCOMPANYING PROXY STATEMENT.

BY ORDER OF THE
BOARD OF DIRECTORS

Kevin M. McNamara, Chairman of the Board
of
Directors and Interim Chief Executive Officer

April 25, 2005
Atlanta, Georgia

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**PROXYMED, INC.
1854 SHACKLEFORD COURT, SUITE 200
ATLANTA, GEORGIA 30093
(770) 806-9918**

PROXY STATEMENT

TIME, DATE AND PLACE OF ANNUAL MEETING

The enclosed proxy is solicited by the Board of Directors of ProxyMed, Inc., a Florida corporation (the Company or ProxyMed or we or us), for use at the Annual Meeting of Shareholders to be held on Wednesday, June 1, 2005, at 9:00 a.m., Atlanta time, at the Company s corporate offices located at 1854 Shackleford Court, Suite 200, Atlanta, Georgia 30093. The approximate date this Proxy Statement and the enclosed form of proxy are first being sent to shareholders is April 22, 2005. The form of proxy provides a space for you to record your vote for each proposal. You are urged to indicate your vote on each matter in the space provided; any item not voted upon by you will be voted by the persons named in the proxies at the meeting (i) **FOR** the election of six (6) persons to the Board of Directors as set forth below; (ii) **FOR** the ratification and approval of Deloitte & Touche as the Company s independent certified registered public accountants for the 2005 fiscal year; and (iii) in their discretion, upon such other business as may properly come before the meeting. Whether or not you plan to attend the meeting, please complete the proxy card, sign, date and return the proxy card to the transfer agent in the enclosed envelope, which requires no postage if mailed in the United States.

The cost of this proxy solicitation will be borne by the Company. Solicitations of proxies by mail may be supplemented by telephone, telegram, facsimile, personal or electronic solicitation by directors, officers or regular employees of the Company. No additional compensation will be paid to such persons for such activities. The Company estimates that the cost of this proxy solicitation will be approximately \$33,000 including shareholder verification, printing of materials and distribution costs.

Only shareholders of record at the close of business on April 6, 2005 (Record Date), are entitled to notice of, and to vote at, the Annual Meeting. As of the Record Date, the Company had issued and outstanding 12,626,567 shares of common stock and 13,333 voting shares of common stock represented by Series C 7% Convertible Preferred Stock, all of which are entitled to vote at the Annual Meeting. In the event that there are not sufficient votes for approval of any of the matters to be voted upon at the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies. The quorum necessary to conduct business at the Annual Meeting consists of a majority of the issued and outstanding shares entitled to vote at the Annual Meeting. The approval of the proposals covered by this Proxy Statement will require an affirmative vote of the holders of a majority of the shares of common stock voting in person or by proxy at the Annual Meeting, with the exception of the election of directors, each of whom is elected by a plurality.

All shares of common stock that are represented at the Annual Meeting by properly executed proxies received prior to or at the Annual Meeting and not revoked will be voted at the Annual Meeting or any adjournment thereof as specified therein by the person giving the proxy in accordance with the instructions indicated in such proxies. If no instructions are indicated, such shares represented by proxy will be voted as recommended by the Board of Directors. Abstentions or broker non-votes are counted as shares present in the determination of whether shares of common

stock represented at the meeting constitute a quorum. Abstentions and broker non-votes are tabulated separately. Since only a plurality is required for the election of directors, abstentions or broker non-votes will have no effect on the election of directors (except for purposes of determining whether a quorum is present at the Annual Meeting). As to other matters to be acted upon at the Annual Meeting, abstentions are treated as AGAINST votes, whereas broker non-votes are not counted for the purpose of determining whether the proposal has been approved.

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A SHAREHOLDER WHO SUBMITS A PROXY ON THE ACCOMPANYING FORM HAS THE POWER TO REVOKE IT AT ANY TIME PRIOR TO ITS USE (I) BY DELIVERING A WRITTEN NOTICE TO THE SECRETARY OF THE COMPANY AT THE ATLANTA ADDRESS STATED ABOVE; (II) BY COMPLETING, EXECUTING, DATING AND DELIVERING A LATER-DATED PROXY; OR (III) BY ATTENDING THE MEETING AND VOTING IN PERSON. UNLESS YOU REVOKE YOUR PROXY PRIOR TO ITS USE IN ONE OF THE THREE FOREGOING WAYS, PROXIES WHICH ARE PROPERLY EXECUTED WILL BE VOTED FOR THE PURPOSES SET FORTH THEREON.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information to our knowledge or as reported to us regarding the beneficial ownership of our common stock as of April 20, 2005, with respect to (i) each person known to us to be the beneficial owner of more than 5% of our common stock, including options and warrants exercisable within sixty days; (ii) each director; (iii) each executive officer named in the Summary Compensation Table; and (iv) all of our directors and executive officers as a group. Beneficial ownership is determined under the rules and regulations of the Securities and Exchange Commission (SEC). The calculation of the percentage of outstanding shares is based on 12,626,567 shares outstanding as of April 6, 2005.

Name and Address (1)	# of Shares (2)	% of Class
William L. Bennett (3)	25,518	*
Edwin M. Cooperman (4)	52,114	*
Gregory J. Eisenhauer, CFA (5)	33,334	*
Michael S. Falk (6)	2,639,214	20.9%
John Paul Guinan (7)	43,932	*
Nancy J. Ham (8)	93,805	*
Lonnie W. Hardin (9)	27,562	*
Thomas E. Hodapp (10)	45,567	*
Michael K. Hoover (11)	559,424	4.3%
Braden R. Kelly (12)	3,415,969	27.0%
Jeffrey L. Markle (13)	58,658	*
Kevin M. McNamara (14)	69,795	*

Eugene R. Terry (15)	43,500	*
General Atlantic, LLC (12) c/o General Atlantic Service Corporation Three Pickwick Plaza Greenwich, CT 06830	3,381,802	26.8%
PVC Funding Partners, LLC (6) (16) 830 Third Avenue New York, NY 10022	2,080,115	16.5%
FMR Corporation (17) 1 Federal Street	925,657	7.3%

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Name and Address (1) 1 Federal Street Boston, MA 02110	# of Shares (2)	% of Class
All directors and officers As a group (15 persons) (18)	7,156,436	52.7%

* Less than 1%

- (1) The address for each person, unless otherwise noted, is 1854 Shackleford Court, Suite 200, Atlanta, Georgia 30093.
- (2) In accordance with Rule 13d-3 of the Securities Exchange Act of 1934 (the Exchange Act), shares that are not outstanding, but that are subject to options, warrants, rights or conversion privileges exercisable within 60 days from April 6, 2005, have been deemed to be outstanding for the purpose of computing the percentage of outstanding shares owned by the individual having such right, but have not been deemed outstanding for the purpose of computing the percentage for any other person.
- (3) Represents 20,153 shares held of record, including 99 shares held in trust for Mr. Bennett's children and 5,365 shares issuable upon the exercise of stock options exercisable within 60 days.
- (4) Includes 9,000 shares held of record and 43,114 shares issuable upon the exercise of stock options exercisable within 60 days.
- (5) Includes 33,334 shares issuable upon the exercise of stock options exercisable within 60 days.
- (6) Includes 2,615,047 shares held of record by Michael Falk, family members, family trusts and related parties and 24,167 shares issuable upon the exercise of stock options and warrants exercisable within 60 days. The shares held of record include (i) 19,431 shares held of record by Commonwealth Associates, LP for which Mr. Falk is a control person; (ii) 6,741 shares held of record by ComVest Capital Partners, LLC for which Mr. Falk is a managing member; (iii) 112,281 shares held of record by ComVest Venture Partners, LP for which Mr. Falk is a managing partner; (iv) 248,446 shares held of record and 2,822 shares issuable upon the exercise of warrants exercisable within 60 days by Commonwealth Liquidation, LLC for which Mr. Falk is a controlling member; (v) 530 shares held of record by Commonwealth Associates Group Holding, LLC of which Mr. Falk is the chairman and a principal member; and (vi) 2,080,115 shares held of record by PVC

Funding Partners, LLC which is managed by Commonwealth Associates, LP and ComVest Venture Partners, LLC. Mr Falk disclaims beneficial ownership in all of these affiliated entities to the extent owned by third-party investors.

- (7) Includes 67 shares held of record and 43,865 shares issuable upon the exercise of stock options exercisable within 60 days.
- (8) Includes 4,583 shares held of record and 89,222 shares issuable upon the exercise of stock options exercisable within 60 days.
- (9) Includes 27,562 shares issuable upon exercise of stock options exercisable within 60 days.
- (10) Includes 3,067 shares held of record and 42,500 shares issuable upon exercise of stock options exercisable in 60 days.
- (11) Includes 143,303 shares held of record and 416,121 shares issuable upon exercise of stock options exercisable in 60 days.
- (12) Includes 34,167 shares issuable upon exercise of stock options exercisable in 60 days by Mr. Kelly. Additionally, includes the following shares of common stock held by various General Atlantic entities: (i) 1,166,184 shares owned by General Atlantic Partners 77, L.P.; (ii) 1,741,258 shares owned by General Atlantic Partners 74, L.P.; (iii) 236,441 shares owned by GAP Coinvestments Partners II, L.P.; (iv) 63,943 shares owned by GAP Coinvestments III, LLC; (v) 15,930 shares owned by GAP Coinvestments IV, LLC; (vi) 153,264 shares owned by GapStar, LLC; and (vii) 4,782 shares owned by GAPCO GmbH & Co. KG. General Atlantic, LLC is the general partner of General Atlantic Partners 77, L.P and General Atlantic Partners 74, L.P and the sole member of GapStar, LLC. The general partners of GAP Coinvestment Partners II, L.P. and the managing members of each of GAP Coinvestments III, LLC and GAP Coinvestments IV, LLC are Managing Directors of General Atlantic LLC. Mr. Kelly is a Managing Director of General Atlantic LLC, a general partner of GAP Coinvestment Partners II, L.P. and a managing member of GAP Coinvestments III, LLC and GAP Coinvestments IV, LLC. The Managing Directors of General Atlantic, LLC are authorized and empowered to vote and dispose of the shares held by GAPCO GmbH & Co KG. Mr. Kelly disclaims beneficial ownership of the shares owned by General Atlantic Partners 77, L.P, General Atlantic Partners 74, L.P, GAP Coinvestment Partners II, L.P., GAP

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Coinvestments III, LLC, GAP Coinvestments IV, LLC, GapStar, LLC and GAPCO GmbH & Co KG except to the extent of his pecuniary interest therein. Beneficial ownership for Mr. Kelly and the various entities affiliated with General Atlantic Partners excludes 243,882 shares of common stock that may be awarded under warrants issued to these entities in July 2003. Such warrants are contingently exercisable only upon the achievement of certain periodic revenue thresholds achieved by ProxyMed related to services derived from ProxyMed's FirstProxy joint marketing agreement with First Data Corporation.

- (13) Includes 22,144 shares held of record and 36,514 shares issuable upon exercise of stock options exercisable in 60 days.
- (14) Includes 69,795 shares issuable upon exercise of stock options exercisable in 60 days.
- (15) Includes 43,500 shares issuable upon exercise of stock options exercisable in 60 days.
- (16) Includes 2,080,115 shares held of record as reported under Form 13D filed on March 12, 2004.
- (17) Includes 925,657 shares held of record as reported under Form 13G/A filed on February 15, 2005.
- (18) Includes 6,200,549 shares held of record by the named officers and directors and their related parties and 955,887 shares issuable upon exercise of stock options and warrants exercisable in 60 days.

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PROPOSAL 1

ELECTION OF DIRECTORS

The Company's Restated Articles of Incorporation, as amended, provides for one class of directors. The Bylaws of the Company provide that the total number of directors shall be determined by resolution adopted by the affirmative vote of a majority of the Board of Directors, and that the total number of directors may not be less than one nor more than eight, with each director holding office until the next annual meeting of shareholders or until a successor is duly elected, or until such director's resignation. As of the date of this Proxy Statement, the Board of Directors has set the number of directors to serve on the Board at eight. Directors elected to fill vacancies hold office for a term expiring at the next Annual Meeting when the term expires. The Company currently has seven directors, and current director Michael S. Falk is not standing for re-election for the upcoming year. The Board has accepted the Corporate Governance and Nominating Committee's recommendation to the Board that the open positions be held pending retention of a new Chief Executive Officer, to allow his or her input into selection of a new independent director, as well as providing the Committee and the Board with an opportunity to consider the qualifications of the new Chief Executive Officer for a position on the Board. Proxies cannot be voted for a greater number of persons than the number of nominees named.

The following nominees may be elected by plurality vote:

William L. Bennett

Edwin M. Cooperman

Eugene R. Terry

Thomas E. Hodapp

Braden R. Kelly

Kevin M. McNamara

All properly executed proxies received prior to or at the Annual Meeting and not revoked will be voted in accordance with the instructions indicated therein. If no such instructions are indicated, shares represented by such proxy, will be voted in favor of the six nominees listed above. Should any nominee named herein become unable for any reason to stand for election as a director of the Company, the Company representative named in the proxy will vote for the election of such other person or persons as the Board of Directors may propose to replace such nominee. The Company knows of no reason why any of the nominees will be unavailable or unable to serve. The names of the nominees, their principal occupations during the past five years, other directorships held and certain other information are set forth below.

RECOMMENDATION

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES AS DIRECTORS TO SERVE UNTIL THE COMPANY'S 2006 ANNUAL MEETING OF SHAREHOLDERS AND UNTIL THEIR RESPECTIVE SUCCESSORS ARE DULY ELECTED AND QUALIFIED.

Table of Contents**INFORMATION REGARDING THE NOMINEES AND EXECUTIVE OFFICERS****Directors and Corporate Officers**

Our Company's directors, director nominees and executive officers are as follows:

Name	Age	Position
William L. Bennett (1) (3)	55	Director
Edwin M. Cooperman (2)	61	Director
Gregory J. Eisenhower, CFA	46	Executive Vice President and Chief Financial Officer
John Paul Guinan	44	Executive Vice President and Chief Technology Officer
Nancy J. Ham	44	President and Chief Operating Officer
Lonnie W. Hardin	50	Senior Vice President Payer Services
Thomas E. Hodapp (1) (2) (3)	45	Director
Braden R. Kelly (2)	34	Director
Jeffrey L. Markle	56	Senior Vice President Payer Services
Kevin M. McNamara	49	Chairman of the Board and Interim Chief Executive Officer
David E. Oles	45	Senior Vice President, General Counsel and Secretary
Eugene R. Terry (1) (3)	66	Director
Timothy J. Tolan	46	Executive Vice President
Thomas C. Wohlford	51	Senior Vice President Submitter Services

(1) Member of the Audit Committee, the Chairman of which is Mr. Bennett.

(2) Member of the Compensation Committee, the Chairman of which is Mr. Cooperman.

(3) Member of the Nominating Committee, the Chairman of which is Mr. Terry.

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William L. Bennett was appointed as a director of ProxyMed in March 2004 in connection with ProxyMed's acquisition of PlanVista. From January 1998 to March 2004, Mr. Bennett was the Vice Chairman of the Board of PlanVista. Mr. Bennett served as the Chairman of the Board from December 1994 to December 1997 and had been a director since August 1994. Since February 2000, Mr. Bennett has been a partner and is Director of Global Recruiting and Managing Director of Monitor Company Group, L.P., a strategy consulting firm and merchant bank. From May 1991 to November 2000, he was a director of Allegheny Energy, Inc., an electric utility holding company. Until March 1995, Mr. Bennett served as Chairman and Chief Executive officer of Noel Group, Inc., a publicly traded company that held controlling interests in small to medium-sized operating companies. Previously, Mr. Bennett was Co-Chairman and Chief Executive officer of Noel Group, Inc. from November 1991 to July 1994. From May of 1994 through June of 2004, Mr. Bennett was a director of Sylvan, Inc., a publicly traded company that produces mushroom spawn and fresh mushrooms.

Edwin M. Cooperman has served as a director of ProxyMed since July 2000. He is a principal of T.C. Solutions, a privately-held investment and financial services consulting firm. He is also a consultant to Edmarc Investments, a financial services consulting firm. Previously, Mr. Cooperman was Chairman of the Travelers Bank Group and Executive Vice President, Travelers Group. After joining Travelers in 1991, Mr. Cooperman became Chairman and CEO of Primerica Financial Services Group, which comprises Primerica Financial Services, Benefit Life Insurance Company and Primerica Financial Services Canada. Previous to this, Mr. Cooperman served at American Express where he became Chairman and Co-Chief Executive of Travel Related Services, North America. Mr. Cooperman is also presently a director of Grannum Value Mutual Fund.

Gregory J. Eisenhauer, CFA joined ProxyMed in December 2003 and currently serves as Executive Vice President and Chief Financial Officer of ProxyMed. Before joining ProxyMed, he served as Executive Vice President, Chief Financial Officer and Secretary for U.S. Healthworks, a national occupational healthcare services company headquartered in Alpharetta, Georgia. From 1993 to 2002, Mr. Eisenhauer was with RehabCare Group (NYSE: RHB), which culminated in Mr. Eisenhauer's appointment as Senior Vice President, Chief Financial Officer and Secretary. Prior to RehabCare, he was with Sverdrup Corporation and Apex Oil. Mr. Eisenhauer is a Chartered Financial Analyst and has an MBA in finance from the St. Louis University and an undergraduate finance degree from the University of Missouri-Columbia.

John Paul Guinan joined ProxyMed in April 1993 and currently serves as Executive Vice President and Chief Technology Officer. Mr. Guinan served as President and a director of ProxyMed between June 1995 and December 1999. He was also its Chief Operating Officer from August 1996 to January 1998. He was an Executive Vice President of ProxyMed from July 1993 until June 1995. From March 1993 to June 1993, Mr. Guinan was the Chief Executive Officer and co-founder of ProxyScript, Inc., which ProxyMed acquired in June 1993. From 1989 until April 1993, Mr. Guinan founded and developed two companies: The Desktop Professionals, Inc., a company which supplied automation systems to South Florida professional offices; and POSitive Thinking, Inc., a software development company which specialized in point-of-sale systems. He received both a B.S. degree in Computer Science and a Juris Doctorate from the University of Miami.

Nancy J. Ham joined ProxyMed in October 2000 and currently serves as President and Chief Operating Officer. Prior to joining ProxyMed in October 2000, Ms. Ham served as General Manager, Institutional and Connectivity Services of Healtheon/WebMD Corporation from June 1999 to March 2000. She originally joined Healtheon in May 1998 with its acquisition of ActaMed Corporation, where she had served as Chief Financial Officer and Senior Vice President, Business Development. Before joining ActaMed in 1993, Ms. Ham was a Director, Corporate Finance at Equifax, Inc. from 1992 to 1993, and prior to that spent five years with GE Capital's Corporate Finance Group. Ms. Ham has a B.A. from Duke University and a Masters in International Business Studies from the University of South Carolina.

Lonnie W. Hardin joined ProxyMed in November 1997 and since October 2000 has been serving as Senior Vice President of Payer Services and from November 1997 to October 2000 as the Senior Vice President of Field Claims Operations. Prior to joining ProxyMed, Mr. Hardin was employed by US Health Data Interchange, Inc. from 1991 through 1997, during which time he held the positions of Vice President - Sales/Marketing and General Manager.

Thomas E. Hodapp has served as a director of ProxyMed since July 2000. In 1999, Mr. Hodapp founded Access Capital Management, a private banking and management firm dedicated to providing financial and strategic advisory services to select, early stage private healthcare and information technology companies. From 1992 to

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1998, Mr. Hodapp was a Managing Director for Robertson Stephens & Company, LLC, a leading international investment banking firm, overseeing the firm's Healthcare Managed Care Research Group, with a focus on the managed care, practice management and healthcare information services industries. From 1988 to 1992, he was with Montgomery Medical Ventures (MMV), a venture firm focused on the biotechnology, medical device and healthcare service fields. MMV I and II actively managed long-term investments in over 40 early stage companies, many of which the firm was involved in co-founding. Prior to that, Mr. Hodapp researched the healthcare industry as an industry analyst with Goldman, Sachs & Company, S.G. Warburg Securities and Volpe & Covington. Additionally, Mr. Hodapp has been published in a number of major financial and healthcare industry journals and publications, was a two-time selection to the Wall Street Journal Research Analyst All-Star Team, and is a frequent speaker at national healthcare investment and strategy forums.

Braden R. Kelly was appointed director of ProxyMed in April 2002. Mr. Kelly is a Managing Director of General Atlantic LLC, a global private equity investment firm that invests in companies that provide or apply IT in ways that have the potential to change markets and industries and contribute to society, and has been with General Atlantic since 2001. Prior to joining General Atlantic, Mr. Kelly was a member of the Mergers, Acquisitions, and Restructurings Department at Morgan Stanley & Co. He also serves as a director of Eclipsys Corporation and HealthVision, Inc. Mr. Kelly received his B.A. in Finance and Business Economics from the University of Notre Dame.

Jeffrey L. Markle joined ProxyMed in March 2004 and currently serves as Senior Vice President of the Company and President/Chief Operating Officer of PlanVista. Before joining ProxyMed, Mr. Markle served as the President and Chief Operating Officer of PlanVista since May 2001 and served as a director from July 2001 to April 2002. From July 1999 to May 2001, Mr. Markle was PlanVista's Executive Vice President - Medical Cost Management and from June 1998 to June 1999, Mr. Markle was PlanVista's Senior Vice President - Medical Loss Management. From 1996 to 1998, Mr. Markle was Vice President of the US Group Operations for Swiss Re Life & Health, a reinsurance company in Toronto. From 1994 to 1996, he was Vice President and General Manager of the Canadian Operations of Osten Kimberly Quality Care, a home healthcare company. From 1991 to 1993, he was Chief Operating Officer of Medisys Health Group, Inc., a preventive healthcare company in Canada, and from 1989 to 1991 he was President and Chief Executive Officer of Oaurentian Health Services, an executive and occupational health services company.

Kevin M. McNamara was appointed as a director of ProxyMed in September 2002 and has served as Chairman of the Board and Interim Chief Executive Officer since December 2004. Mr. McNamara currently serves as Chief Financial Officer of HCCA International, Inc., a healthcare staffing company and will become the Chief Financial Officer of Newquest Holdings, Inc. in June 2005. Newquest is an HMO based in Nashville, TN that focuses mainly on providing health coverage to Medicare beneficiaries. From November 1999 until February 2001, Mr. McNamara served as Chief Executive Officer and a director of Private Business, Inc., a provider of electronic commerce solutions that help community banks provide accounts receivable financing to their small business customers. From 1996 to 1999, Mr. McNamara served as Senior Vice President and Chief Financial Officer of Envoy Corporation. Before joining Envoy, he served as president of NaBanco Merchant Services Corporation, then one of the world's largest merchant credit card processors. Mr. McNamara currently serves on the Board of Directors of Luminex Corporation, a medical device company, Comsys IT Partners, and information technology staffing company and several private companies. He is a Certified Public Accountant and holds a B.S. in Accounting from Virginia Commonwealth University and a Masters in Business Administration from the University of Richmond.

David E. Oles currently serves as Senior Vice President, General Counsel, and Secretary of ProxyMed. Prior to joining ProxyMed in April 2004, Mr. Oles served as Vice President and Associate General Counsel of NDCHealth Corporation. From 1998 through 2000, Mr. Oles engaged in the private practice of law as an associate in the Healthcare group of the law firm of Alston & Bird LLP in Atlanta, Georgia, and in the healthcare corporate group of Reed Smith Shaw and McClay, LLP from 1996 through 1998. Mr. Oles received his J.D. from Harvard Law School, and his M.B.A. and B.B.A. from the University of Memphis.

Eugene R. Terry has been a director of ProxyMed since August 1995. Mr. Terry is a pharmacist and is a principal of T.C. Solutions, a privately-held investment and financial services consulting firm. Since 2004, Mr. Terry has served as a director and consultant for MSO Medical, a bariatric surgery management company. Until 2001, Mr. Terry was a director on the board of In-Home Health, a home healthcare company acquired by Manor Care, Inc. In 1971, Mr. Terry founded Home Nutritional Support, Inc. (HNSI), one of the first companies

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established in the home infusion industry. In 1984, HNSI was sold to Healthdyne, Inc. HNSI was later sold to the W.R. Grace Group. From 1975 to 1984, Mr. Terry was also founder and Chief Executive Officer of Paramedical Specialties, Inc., a respiratory and durable medical equipment company, which was also sold to Healthdyne, Inc. Mr. Terry is also a director of HCM Management, a prescription auditing firm.

Timothy J. Tolan joined ProxyMed in January 2001 and currently serves as Executive Vice President. Mr. Tolan previously served as ProxyMed's Executive Vice President of Business Development beginning in June 2003. Before joining ProxyMed, Mr. Tolan was Vice President of Sales for ePhysician, Inc from May 2000 until his appointment at ProxyMed. He was Vice President of Sales Lab/PBM for Healtheon/WebMD Corporation from August 1998 through May 2000. Prior to Healtheon/WebMD, Mr. Tolan also held the position of Vice President of Sales Eastern Region for CITATION Computer Systems, a laboratory information system company. Prior to CITATION, Mr. Tolan spent twelve years in the physician practice management market.

Thomas C. Wohlford joined ProxyMed as Senior Vice President of Submitter Services as part of the MedUnite acquisition. Mr. Wohlford was Vice President of Operations at MedUnite since January 2002. Prior to joining MedUnite, Mr. Wohlford was Vice President of Strategic Partnering with Helus, Inc., a Chicago based e-health company. From 1993 to 1999, Mr. Wohlford held executive positions with CNA Health Partners (formerly CoreSourceBurgett & Dietrich) and CNA. From 1989 to 1993, Mr. Wohlford was responsible for healthcare cost containment for Georgia-Pacific Corporation. Prior to joining Georgia-Pacific, he led all network development for Travelers Health Network as Vice President of Network Development from 1986 to 1989.

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**INFORMATION REGARDING THE COMPANY'S
BOARD OF DIRECTORS AND BOARD COMMITTEES**

During 2004, the Company's Board of Directors held twelve (12) meetings. Each incumbent director attended no less than 75% of the meetings of the Board of Directors and committees of which they were a member. In addition to attending meetings, directors discharge their obligations by reviewing Company reports and correspondence to directors and through participation in telephone conferences and other meetings with the Company's management, key employees and others regarding matters of interest or importance to the Company. The Board has determined that the following directors are independent directors as defined by Nasdaq Stock Market Listing Requirements: William L. Bennett, Edwin M. Cooperman, Thomas E. Hodapp, Braden R. Kelly and Eugene R. Terry.

The Board of Directors currently has the following standing committees: The Audit Committee, Compensation Committee, and the Corporate Governance and Nominating Committee.

Audit Committee - We have a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. Our Audit Committee consists of three non-employee, independent directors: William L. Bennett (Chairman), Thomas A. Hodapp and Eugene R. Terry. The Board of Directors has determined that William L. Bennett, Chairman of the Audit Committee, is an audit committee financial expert as defined by Item 401(h) of Regulation S-K of the Exchange Act and he is independent as that term is defined under Rule 4200(a)(15) of the listing standards promulgated by the National Association of Securities Dealers (NASD). The Audit Committee is responsible for meeting with representatives of our independent certified registered public accountants and with representatives of senior management to review the general scope of our annual audit, matters relating to internal audit control systems and the fee charged by the independent certified registered public accountants. In addition, pursuant to its Charter, the Audit Committee is responsible for reviewing and monitoring the performance of non-audit services by our independent accountants and for recommending the engagement or discharge of our independent accountants. The Audit Committee held eight (8) meetings in fiscal 2004. The Audit Committee Charter is available online at the ProxyMed website at www.proxymed.com.

Compensation Committee - Our Compensation Committee consists of three non-employee, independent directors: Edwin M. Cooperman (Chairman), Thomas E. Hodapp and Braden R. Kelly. The Compensation Committee is responsible for making recommendations to the Board on the annual compensation for all officers, and employees, including salaries, stock options and other consideration, if any. The Compensation Committee is also responsible for granting stock options to be made under our existing plans. The Compensation Committee held seven (7) meetings during fiscal 2004. The Compensation Committee Charter is available online at the ProxyMed website at www.proxymed.com.

Corporate Governance and Nominating Committee The Company has a Nominating Committee that was expanded in November 2004 to include corporate governance duties. The Corporate Governance and Nominating Committee consists of three non-employee, independent directors: Eugene R. Terry (Chairman), William L. Bennett and Thomas E. Hodapp. The Corporate Governance and Nominating Committee is responsible for providing assistance to our the Board of Directors to determine the size, functions and needs of the Board of Directors, and the selection of candidates for election to the Board of Directors, including identifying, as necessary, new candidates who are qualified to serve as our directors and recommending to the Board of Directors, the candidates for election to the Board of Directors. In addition, the Corporate Governance and Nominating Committee has responsibility for overseeing the selection, retention and conduct of our executive officers. Finally, the Corporate Governance and Nominating Committee has overall responsibility for ensuring our appropriate corporate governance. The Corporate Governance and Nominating Committee will also consider director candidates recommended by shareholders. Nominations by shareholders should be submitted to our Corporate Secretary and must comply with certain procedural and informational requirements set forth in the our bylaws. Please see Shareholder Proposals below. The

Nominating Committee held no meetings during fiscal 2004.

The process for selecting and evaluating nominees includes the following: (i) the Corporate Governance and Nominating Committee identifies a need to fill a vacancy; (ii) the Chairman of the Corporate Governance and Nominating Committee initiates a search and seeks input from the Board of Directors and senior Management; (iii) director candidates, including any directors proposed by shareholders in accordance with the Company's Bylaws, are identified and presented to the Corporate Governance and Nominating Committee; (iv) initial interviews of the candidates are conducted by the Corporate Governance and Nominating Committee; (v) the Corporate Governance

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and Nominating Committee meets to select a final candidate and conduct further interviews as necessary; and (vi) the Corporate Governance and Nominating Committee makes a formal recommendation to the full Board of Directors for inclusion in the slate of nominees for Directors at the next annual meeting, or appointment by the Board in any interim period. The Corporate Governance and Nominating Committee is responsible for establishing criteria upon which the selection process is based, recognizing that the contribution of each director will depend upon the character and capacities of the directors taken individually and as a whole. In particular, the criteria includes, among others, consideration of prospective nominees who will (i) bring to the Board of Directors a variety of experience and background; (ii) form a certain core group of business executives with substantial senior management experience, financial expertise and such other skills that would enhance the Board of Directors' effectiveness; (iii) reflect a diversity of experience, gender, race and age; and (iv) represent the balanced best interests of the Company's shareholders as a whole and the interest of the Company's other stakeholders, including customers, employees and vendors.

Report of the Audit Committee (1)

The Audit Committee is composed of three (3) independent directors as defined in the listing standards promulgated by NASD, as applicable and as may be modified or supplemented. The Audit Committee held eight (8) meetings during fiscal year 2004. The Company's Board of Directors has adopted a written charter for the Audit Committee. The Audit Committee is responsible for reviewing and monitoring, in an oversight capacity, the financial reporting and auditing processes. All members of the Audit Committee share equally the responsibility for the performance of the foregoing functions as further explained below and in the Audit Committee charter.

The Audit Committee provides assistance to the Board of Directors in fulfilling its obligations with respect to matters involving the accounting, auditing, financial reporting, and internal control functions of the Company. The Audit Committee discusses with the Company's independent auditors the overall scope and plans for their respective audits. The Audit Committee meets with the independent auditors, with or without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. Only the Audit Committee can engage or terminate the engagement of the independent auditors.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements for fiscal 2004 with the Company's independent auditors, with management and with the entire Board of Directors of the Company and discussed the quality of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Audit Committee reviewed with the independent auditors, all matters required to be discussed by Statement of Auditing Standards 61 Communications with Audit Committees. In addition, the Audit Committee considered and discussed with the independent auditors the auditors' independence from management and the Company, including the matters in the written disclosures required by the Independence Standards Board Standard No. 1, and determined that the independent auditors' non-audit services to the Company were consistent and compatible with the Company's and the foregoing guidelines.

The foregoing notwithstanding, management is ultimately responsible for the Company's financial reporting processes, including the preparation of its financial statements in conformity with Generally Accepted Accounting Principles (GAAP) and its system of internal audit controls, and the Company's outside auditor is responsible for the auditing of those financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB Standards) and expressing its opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in conformity with GAAP.

Absent any evidence to the contrary, the Audit Committee has relied, without independent verification, on management's representations that the financial statements are complete, free of material misstatement and prepared in accordance with GAAP, and on the opinion and representations made by the auditor in its report on the Company's financial statements, including its representations that the auditor is independent and the audit was performed in accordance with PCAOB. In reliance on the foregoing reviews, discussions and representations, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K/A for the year ended December 31, 2004 for filing with the Securities and Exchange Commission.

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THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

William L. Bennett, Chairman
Thomas A Hodapp
Eugene R. Terry

- (1) THIS SECTION IS NOT SOLICITING MATERIAL, IS NOT DEEMED FILED WITH THE SEC AND IS NOT TO BE INCORPORATED BY REFERENCE IN ANY FILING OF THE COMPANY UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES AND EXCHANGE ACT OF 1934, WHETHER MADE BEFORE OR AFTER THE DATE HEREOF AND IRRESPECTIVE OF ANY GENERAL INCORPORATION LANGUAGE IN ANY SUCH FILING.

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COMPENSATION OF DIRECTORS

Effective February 17, 2005, each non-employee director shall receive cash compensation in the amount of \$5,000 per quarter for attending each regularly scheduled general Board of Directors meeting. Previously, non-employee directors were compensated with stock options for their services as directors as follows: each non-employee director was granted 15,000 stock options upon his or her initial appointment or election to the Board of Directors by the shareholders with such grant vesting equally over the following three years. On each subsequent election by the shareholders, each non-employee director received an additional 5,000 share stock option grant which vested immediately. Additionally, each non-employee director receives an annual 2,500 share stock option grant for each subcommittee membership. Such subcommittee grants vest on a prorata basis (based on four projected subcommittee meetings per election year) as determined by the attendance of the director at each subcommittee meeting, but in any event, after three years. For the 2003-2004 election year, options to purchase a total of 30,000 and 15,000 options at an exercise price of \$10.63 were granted to compensate the directors upon re-election to the board and participation in sub-committees, respectively, pursuant to the above guidelines. Of the sub-committee amount, 11,250 stock options vested as of December 31, 2003 and the remaining 3,750 stock options vested in 2004. For the 2004-2005 election year, options to purchase a total of 35,000 and 15,000 options at an exercise price of \$20.00 were granted to compensate the directors upon re-election to the board and participation in sub-committees, respectively, pursuant to the above guidelines. Of the sub-committee amount, all of the 15,000 stock options were vested by December 31, 2004. Additionally, all directors are reimbursed for reasonable expenses incurred in attending board meetings.

In December 2004, stock options to purchase 75,000 shares of our common stock at an exercise price of \$7.10 per share were granted to Kevin M. McNamara in connection with his consulting agreement with the Company. Such options expire in ten years and vest equally over the 12 months following December, 2004 at the rate of 6,250 per month. The options will cease to vest if the consulting agreement is terminated. Subsequently in January 2005, Mr. McNamara was granted stock options to purchase another 25,000 shares of the Company's common stock at \$9.87 per share in his capacity as Chairman of the Board. Such options expire in ten years and vest equally over the twelve months following January, 2005 at the rate of 2,083 per month.

COMPENSATION OF INDEPENDENT CERTIFIED REGISTERED PUBLIC ACCOUNTANTS

Fees Paid to Independent Accountants

The Securities and Exchange Commission's Final Rule on Auditor Independence requires that the Company make the following disclosures regarding the amount of fees billed by its independent registered public accounting firm and the nature of the work for which these fees were billed. As noted in Part I, Item 9 to our Form 10-K/A for the year ended December 31, 2004, we changed our independent registered public accounting firm from PriceWaterhouseCoopers to Deloitte & Touche LLP in August 2004.

Audit Fees

Aggregate fees and expenses incurred for Deloitte and Touche's audit of our annual financial statements for the year ended December 31, 2004 and for its review of the financial statements included in our Forms 10-Q for the year ended December 31, 2004 (commencing with the quarter ended September 30, 2004) and for PWC's review of the financial statements included in our Forms 10-Q for the year ended December 31, 2004 (for the quarters ended March 31, 2004 and June 30, 2004 only) totaled \$929,800. Included in this amount is approximately \$627,300 related to the attestation of our internal controls under Section 404 of the Sarbanes-Oxley Act of 2002 incurred with Deloitte & Touche. Of the total fees of \$929,800, \$352,300 had been billed as of December 31, 2004. The balance of the fees was billed prior to the date of the this Proxy Statement.

Aggregate fees and expenses incurred for PWC's audit of our annual financial statements for the year ended December 31, 2003 and for its review of the financial statements included in our Forms 10-Q for the year ended December 31, 2003 totaled \$281,000. Of this amounts, \$64,000 had been billed as of December 31, 2003. The balance of the fees were billed prior to the date of last year's Proxy Statement.

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Audit-Related Fees

During the year ended December 31, 2004, we incurred \$490,203 and \$190,000 to Deloitte& Touche and PWC, respectively for fees primarily related to the restatement of our financial statements and reports on Form 10-K/A for the year ended December 31, 2003 and Forms 10-Q for the periods ended March 31 and June 30, 2004. During the fiscal years ended December 31, 2003 and 2004, the Company did not engage Deloitte & Touche or PWC for any assurance or related services.

Tax Fees

During the fiscal years ended December 31, 2004, the Company incurred \$51,000 to PWC for defense costs related to a tax dispute with the State of New York regarding PlanVista.

All Other Fees

Aggregate fees for all other services provided by PWC for the years ended December 31, 2004, totaled \$28,000. Of this amount, all had been billed as of December 31, 2003.

Aggregate fees for all other services provided by PWC for the years ended December 31, 2003 totaled \$28,000. Of this amount, all had been billed as of December 31, 2004.

The Audit Committee pre-approves the fees associated with the Company's audit and tax engagements. During the course of the year, if additional non-audit services are identified, these services are also presented to the Audit Committee for pre-approval. All fees incurred during the fiscal years 2004 and 2003 were approved by the full Audit Committee. The Audit Committee of the Board of Directors considered the services listed above to be compatible with maintaining Deloitte & Touche's and PWC's independence.

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The following table sets forth the compensation paid during the past three fiscal years to our Chief Executive Officers and our other four most highly compensated executive officers during fiscal year 2004 with annual compensation over \$100,000 for such years (the Named Executive Officers):

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation			All Other Compensation	
		Salary	Bonus	Other Annual Compensation	Awards Restricted Stock Award(s)	Securities Underlying Options/ SARs		Payouts LTIP Payouts
		(\$)	(\$)	(\$)	(\$)	(#)	(\$)	(\$)
Kevin M. McNamara Chairman and Interim Chief Executive	2004			30,000	(1)	82,500	(1)	
	2003					17,500		
	2002							