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

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2000

OR

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

Commission File Number 0-26762

PEDIATRIX MEDICAL GROUP, INC.
(Exact name of registrant as specified in its charter)

Florida	65-0271219
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1301 Concord Terrace
Sunrise, Florida 33323
(Address of principal executive offices)
(Zip Code)

(954) 384-0175
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and fiscal year, if changed since last report)

Indicate by check mark 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 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

At May 8, 2000, the Registrant had 15,778,562 shares of $0.01 par value common stock outstanding.

PEDIATRIX MEDICAL GROUP, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PEDIATRIX MEDICAL GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2000 (Unaudited)	December 31, 1999
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,078	$ 825
Accounts receivable, net	79,446	77,726
Prepaid expenses	862	468
Other current assets	855	962
Total current assets	82,241	79,981
Property and equipment, net	13,992	13,567
Other assets, net	246,796	241,242
Total assets	$ 343,029	$ 334,790
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 27,796	$ 29,099
Income taxes payable	1,317	92
Line of credit	52,143	48,393
Current portion of note payable	200	200
Deferred income taxes	19,140	18,549
Total current liabilities	100,596	96,333
Note payable	2,100	2,150
Deferred income taxes	5,402	5,111
Deferred compensation	2,666	2,309
Total liabilities	110,764	105,903
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	--	--
Common stock	156	156
Additional paid-in capital	133,516	133,516
Retained earnings	98,593	95,215
Total stockholders' equity	232,265	228,887
Total liabilities and stockholders' equity	$ 343,029	$ 334,790

The accompanying notes are an integral part of these condensed consolidated financial statements

PEDIATRIX MEDICAL GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
	(in thousands, except for per share data)	
Net patient service revenue	59,409	$ 53,826
Operating expenses:		
Salaries and benefits	43,303	34,390
Supplies & other operating expenses	5,721	4,526
Depreciation and amortization	3,336	2,666
Total operating expenses	52,360	41,582
Income from operations	7,049	12,244
Investment income	80	75
Interest expense	(987)	(235)
Income before income taxes	6,142	12,084
Income tax provision	2,764	4,834
Net income	$ 3,378	$ 7,250
Per share data:		
Net income per common and common equivalent share:		
Basic	$ .22	$ .47
Diluted	$ .22	$ .45
Weighted average shares used in computing net income per common and common equivalent share:		
Basic	15,625	15,432
Diluted	15,705	16,107

The accompanying notes are an integral part of these condensed consolidated financial statements

PEDIATRIX MEDICAL GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 3,378	$ 7,250
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,336	2,666
Deferred income taxes	882	1,465
Changes in assets and liabilities:		
Accounts receivable	(1,720)	(3,907)
Prepaid expenses and other current assets	(287)	(54)
Other assets	(220)	671
Accounts payable and accrued expenses	(1,303)	2,098
Income taxes payable	1,225	318
Net cash provided from operating activities	5,291	10,507
Cash flows used in investing activities:		
Physician group acquisition payments	(7,639)	(17,549)
Purchase of property and equipment	(1,099)	(513)
Net cash used in investing activities	(8,738)	(18,062)
Cash flows from financing activities:		
Borrowings on line of credit, net	3,750	950
Payments on note payable	(50)	(50)
Proceeds from issuance of common stock	--	832
Proceeds from issuance of subsidiary stock	--	5,757
Net cash provided from financing activities	3,700	7,489
Net increase (decrease) in cash and cash equivalents	253	(66)
Cash and cash equivalents at beginning of period	825	650
Cash and cash equivalents at end of period	$ 1,078	$ 584

The accompanying notes are an integral part of these condensed consolidated financial statements

PEDIATRIX MEDICAL GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2000

(Unaudited)

1. Basis of Presentation:

The accompanying unaudited condensed consolidated financial statements of Pediatrix Medical Group, Inc. (the "Company" or "Pediatrix") presented herein do not include all disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, these financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of interim periods.

The results of operations for the three months ended March 31, 2000 are not necessarily indicative of the results of operations to be expected for the year ended December 31, 2000. The interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 27, 2000.

2. Business Acquisitions:

During the first three months of 2000, the Company completed the acquisition of two physician group practices. Total consideration for acquisitions approximated $7.6 million in cash.

The Company has accounted for the acquisitions using the purchase method of accounting and the excess of cost over fair value of net assets acquired is being amortized on a straight-line basis over 25 years. The results of operations of the acquired practices have been included in the consolidated financial statements from the dates of acquisition.

The following unaudited pro forma information combines the consolidated results of operations of the Company and the physician group practices acquired during 1999 and 2000 as if the acquisitions had occurred on January 1, 1999:

	Three Months Ended March 31,	
	2000	1999
	(in thousands, except for per share data)	
Net patient service revenue	$ 59,494	$ 61,252
Net income	3,378	7,723
Net income per share:		
Basic	.22	.50
Diluted	.22	.48

The pro forma results do not necessarily represent results which would have occurred if the acquisitions had taken place at the beginning of the period, nor are they indicative of the results of future combined operations.

3. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses consist of the following:

	March 31, 2000	December 31, 1999
	(in thousands)	
Accounts payable	$ 10,818	$ 9,664
Accrued salaries and bonuses	2,595	4,366
Accrued payroll taxes and benefits	3,855	4,258
Accrued professional liability coverage	7,276	7,134
Other accrued expenses	3,252	3,677
	$ 27,796	$ 29,099

4. Net Income Per Share:

Basic net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average number of common and potential common shares outstanding during the period. Potential common shares consist of the dilutive effect of outstanding options calculated using the treasury stock method.

5. Contingencies:

In February 1999, the first of several federal securities law class actions was commenced against the Company and three of its principal officers in United States District Court for the Southern District of Florida ("District Court"). The Plaintiffs are shareholders purporting to represent a class of all open market purchasers of the Company's common stock between April 28, 1998, and various dates through and including April 1, 1999. They claim that during that period the Company violated the antifraud provisions of the federal securities laws by issuing false and misleading statements concerning its accounting practices and financial results, focusing in particular on the capitalization of certain payments made to employees in connection with acquisitions and revenue recognition in light of recent inquiries initiated by state investigators into the Company's billing practices. The Plaintiffs seek damages in an undetermined amount based on the alleged decline in the value of the common stock after the Company disclosed the issue with respect to the capitalization of certain payments and the inquiries by state investigators. On June 24, 1999, the Judge of the District Court entered an Order of Consolidation consolidating into one case the several federal securities law class action lawsuits. On August 20, 1999, the Judge entered two Orders in the case. The first Order granted the motion made by the three public pension funds to be appointed as lead Plaintiffs and to have their counsel appointed as lead Plaintiffs' counsel. The second Order set the administrative mechanism for handling the consolidated cases, including the time limitations for the filing of a Consolidated Amended Class Action Complaint. On October 7, 1999, the Company filed a Motion to Dismiss the Consolidated Amended Class Action Complaint.

5. Contingencies, Continued:

On January 19, 2000, the Judge granted defendants' Motion to Dismiss based on deficiencies in the allegations which rendered the pleading insufficient as a matter of law. The Judge provided that the Plaintiffs could file an Amended Complaint on or before February 3, 2000. The Planitiffs filed a Second Amended Complaint on February 3, 2000. On March 10, 2000, the Company filed a Motion to Dismiss the Second Amended Consolidated Class Action Complaint. The Plaintiffs answering memorandum was filed on April 3, 2000, and the Company's reply memorandum was filed on April 19, 2000. The Company continues to believe that the claims are without merit and intends to defend them vigorously.

In April 1999, the Company received requests, and in one case a subpoena, from investigators in Arizona, Colorado, and Florida for information related to its billing practices. The Company is fully cooperating with these inquiries. Although the Company believes that its billing practices are proper, the investigations are ongoing and the Company is unable to predict at this time whether they will have a material adverse effect on the Company's business, financial condition or results of operations.

During the ordinary course of business, the Company has become a party to pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice and are generally covered by insurance. These lawsuits are not expected to result in judgments which would exceed professional liability insurance coverage, and therefore, will not have a material impact on the Company's consolidated results of operations, financial position or liquidity, notwithstanding any possible insurance recovery.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Three Months Ended March 31, 2000 as Compared to Three Months Ended March 31, 1999

The Company reported net patient service revenue of $59.4 million for the three months ended March 31, 2000, as compared with $53.8 million for the same period in 1999, a growth rate of 10.4%. This growth is attributable to new units at which the Company provides services as a result of acquisitions. Same unit patient service revenue decreased approximately $4.1 million, or 7.8%, for the three months ended March 31, 2000. The decline in same unit patient service revenue is primarily the result of a lower acuity level of patient service billed for the three months ended March 31, 2000. Same units are those units at which the Company provided services for the entire current period and the entire comparable period.

Salaries and benefits increased $8.9 million, or 25.9%, to $43.3 million for the three months ended March 31, 2000, as compared with $34.4 million for the same period in 1999. Of this increase, $5.0 million, or 56.2%, was attributable to hiring new physicians to support new unit growth, and the remaining $3.9 million was primarily attributable to increased support staff and resources added in the areas of nursing, management and billing and reimbursement. During the three months ended March 31, 2000, the Company continued to invest in the infrastructure required to manage and grow the Company into the future. Supplies and other operating expenses increased $1.2 million, or 26.4%, to $5.7 million for the three months ended March 31, 2000, as compared with $4.5 million for the same period in 1999. The increase was primarily the result of (i) increased legal fees related to government investigations; (ii) new units; (iii) costs related to the move of the Company's corporate headquarters; and (iv) the addition of new outpatient offices. Outpatient services require a higher level of office supplies than do inpatient services. Depreciation and amortization expense increased by $670,000, or 25.1%, to $3.3 million for the three months ended March 31, 2000, as compared with $2.7 million for the same period in 1999, primarily as a result of amortization of goodwill in connection with acquisitions.

Income from operations decreased $5.2 million, or 42.4%, to $7.0 million for the three months ended March 31, 2000, as compared with $12.2 million for the same period in 1999.

The Company recorded net interest expense of approximately $907,000 for the three months ended March 31, 2000, as compared with net interest expense of approximately $160,000 for the same period in 1999. The increase in interest expense in 2000 is the result of funds used for the acquisition of physician practices and the use of the Company's line of credit for such purposes.

The effective income tax rate was approximately 45% and 40% for the three month periods ended March 31, 2000 and 1999, respectively. The increase was the result of a growth in non-deductible amounts associated with goodwill as a percentage of pretax income.

Net income decreased 53.4% to $3.4 million for the three months ended March 31, 2000, as compared with $7.3 million for the same period in 1999. Diluted net income per common and common equivalent share decreased to 22 cents for the three months ended March 31, 2000, compared to 45 cents for the same period in 1999.

Liquidity and Capital Resources

As of March 31, 2000, the Company had a working capital deficit of approximately $18.4 million, an increase of $2.0 million from the working capital deficit of $16.4 million at December 31, 1999. The working capital deficit is due to the classification of the Company's line of credit as a current liability at March 31, 2000 and December 31, 1999. Excluding the amount due under the line of credit, working capital increased by approximately $1.7 million.

As of March 31, 2000, the Company had $22.9 million available under its $75 million line of credit, which matures on September 30, 2000. The Company is currently evaluating options to obtain financing beyond the current maturity of its line of credit. However, there can be no assurance that the Company will be able to obtain financing in amounts and on terms substantially similar to its existing credit facility on or prior to September 30, 2000. Provided the Company is able to secure financing in amounts similar to those currently available under its line of credit, it anticipates that funds generated from operations, together with cash on hand, and funds available under such financing will be sufficient to meet its working capital requirements and finance required capital expenditures for at least the next twelve months.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's unsecured revolving credit facility, mortgage note payable and certain operating lease agreements are subject to market risk from interest rate changes. The total amount available under the credit facility is $75 million. At the Company's option, the credit facility bears interest at either LIBOR plus .875% or prime. The mortgage note payable bears interest at prime and the leases bear interest at LIBOR based variable rates. The outstanding principal balance on the credit facility and mortgage note payable were approximately $52.1 million and $2.3 million, respectively, at March 31, 2000. The outstanding balances related to the operating leases totaled approximately $16.8 million at March 31, 2000. Considering the total outstanding balances under these instruments at March 31, 2000 of approximately $71.2 million, a 1% change in interest rates would result in an impact to pre-tax earnings of approximately $712,000 per year.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

During the ordinary course of business, the Company has become a party to pending and threatened legal actions and proceedings, most of which involve claims of medical malpractice and are generally covered by insurance. These lawsuits are not expected to result in judgments which would exceed professional liability insurance coverage, and therefore, will not have a material impact on the Company's consolidated results of operations, financial position or liquidity, notwithstanding any possible insurance recovery.

In February 1999, the first of several federal securities law class actions was commenced against the Company and three of its principal officers in United States District Court for the Southern District of Florida ("District Court"). The Plaintiffs are shareholders purporting to represent a class of all open market purchasers of the Company's common stock between April 28, 1998, and various dates through and including April 1, 1999. They claim that during that period the Company violated the antifraud provisions of the federal securities laws by issuing false and misleading statements concerning its accounting practices and financial results, focusing in particular on the capitalization of certain payments made to employees in connection with acquisitions and revenue recognition in light of recent inquiries initiated by state investigators into the Company's billing practices. The Plaintiffs seek damages in an undetermined amount based on the alleged decline in the value of the common stock after the Company disclosed the issue with respect to the capitalization of certain payments and the inquiries by state investigators. On June 24, 1999, the Judge of the District Court entered an Order of Consolidation consolidating into one case the several federal securities law class action lawsuits. On August 20, 1999, the Judge entered two Orders in the case. The first Order granted the motion made by the three public pension funds to be appointed as lead Plaintiffs and to have their counsel appointed as lead Plaintiffs' counsel. The second Order set the administrative mechanism for handling the consolidated cases, including the time limitations for the filing of a Consolidated Amended Class Action Complaint. On October 7, 1999, the Company filed a Motion to Dismiss the Consolidated Amended Class Action Complaint.

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In April 1999, the Company received requests, and in one case a subpoena, from investigators in Arizona, Colorado and Florida for information related to its billing practices. The Company is fully cooperating with these inquiries. Although the Company believes that its billing practices were proper, the investigations are ongoing and the Company is unable to predict at this time whether they will have any material adverse effect on the Company's business, financial condition or results of operations.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

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

Not applicable.

Item 5. Other Information

This quarterly report contains statements which, to the extent they are not historical fact, constitute "forward looking statements" under the securities laws. All forward looking statements involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from those expressed or implied by or in such forward looking statements. The forward looking statements in this document are intended to be subject to the safe harbor protection provided under the securities laws.

The Company's shareholders should also be aware that while the Company does, at various times, communicate with securities analysts, it is against the Company's policies to disclose to such analysts any material non-public information or other confidential information. Accordingly, our shareholders should not assume that the Company agrees with all statements or reports issued by such analysts. To the extent statements or reports issued by analysts contain projections, forecasts or opinions by such analysts about our Company, such reports and statements are not the responsibility of the Company.

For additional information identifying certain other important factors which may affect the Company's operations and could cause actual results to vary materially from those anticipated in the forward looking statements, see the Company's Securities and Exchange Commission filings, including but not limited to, the discussion included in the Business section of the Company's Form 10-K under the heading "Factors to be Considered".

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

11.1 Statement Re: Computation of Per Share Earnings
27.1 Financial Data Schedule

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEDIATRIX MEDICAL GROUP, INC.

Date: May 11, 2000 By: /s/ Roger J. Medel

Roger J. Medel, President and Chief Executive Officer (Principal Executive Officer)

Date: May 11, 2000 By: /s/ Karl B. Wagner

Karl B. Wagner, Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 11.1

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
	(in thousands, except for per share data)	
Basic:		
Net income applicable to common stock	$ 3,378	$ 7,250
Weighted average number of common shares outstanding	15,625	15,432
Basic net income per share	$ .22	$ .47
Diluted:		
Net income applicable to common stock	$ 3,378	$ 7,250
Weighted average number of common shares outstanding	15,625	15,432
Weighted average number of dilutive common stock equivalents	80	675
Weighted average number of common and common equivalent shares outstanding	15,705	16,107
Diluted net income per share	$ .22	$ .45

THIS SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM THE UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AT MARCH 31, 2000 AND THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME FOR THE QUARTER ENDED MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS
DEC-31-2000
JAN-1-2000
MAR-31-2000
1,078
0
79,446
0
0
82,241
13,992
0
343,029
100,596
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0
156
232,109
343,029
0
59,409
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52,360
(80)
0
987
6,142
2,764
3,378
0
0
0
3,378
0.22
0.22

AMOUNTS FOR RECEIVABLES AND PROPERTY, PLANT AND EQUIPMENT ARE NET OF ANY ALLOWANCES AND ACCUMULATED DEPRECIATION.