FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

Filing Date: **2013-03-19** | Period of Report: **2012-12-31**
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FILER

HANGER, INC.

CIK:**722723**| IRS No.: **840904275** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-K/A** | Act: **34** | File No.: **001-10670** | Film No.: **13699745**
SIC: **8093** Specialty outpatient facilities, nec

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AUSTIN TX 78758

Business Address
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A
Amendment No. 1

[☒] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the fiscal year ended December 31, 2012

OR

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

For the transition period from
to
Commission File Number 1-10670

HANGER, INC.

(Exact name of registrant as specified in its charter.)

Delaware	**84-0904275**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10910 Domain Drive, Suite 300, Austin, TX	**78758**
(Address of principal executive offices)	(Zip Code)

Registrant's phone number, including area code: **(512) 777-3800**

Securities registered pursuant to Section 12(b) of the Act:

Title of class	Name of exchange on which registered
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None.**

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

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 [☒]

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 for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes [☒] No ☐

Indicate 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 (232.405 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 ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 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. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated filer [☒]	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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. $910,325,124

As of March 14, 2013 the registrant had 34,513,913 shares of its Common Stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III of the Form 10-K is incorporated by reference from the registrant's definitive proxy statement or amendment hereto which will be filed not later than 120 days after the end of the fiscal year covered by this report.

EXPLANATORY NOTE

Hanger, Inc. (the "Company") is filing this Amendment No. 1 on Form 10-K/A (the "Amendment") to amend its Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (the "Original Filing"), as originally filed with the Securities and Exchange Commission on March 18, 2013, solely to furnish Exhibit 101−Interactive Data File (XBRL Exhibit), which was not included in the Original Filing.

This Amendment does not update any other disclosure to reflect events occurring after the filing of the Original Filing. Except as described above, no other changes have been made to the Original Filing. The Original Filing continues to speak as of the date of the Original Filing, and the Company has not updated the disclosures contained therein to reflect any events that occurred at a date subsequent to the filing of the Original Filing.

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULE*

(a) ***Financial Statements and Financial Statement Schedule*:**

(1) ***Financial Statements:***

Hanger, Inc.

Management's Annual Report on Internal Control over Financial Reporting

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2012 and 2011

Consolidated Statements of Income and Comprehensive Income for the Three Years Ended December 31, 2012

Consolidated Statements of Changes in Shareholders' Equity for the Three Years Ended December 31, 2012

Consolidated Statements of Cash Flows for the Three Years Ended December 31, 2012

Notes to Consolidated Financial Statements

(2) ***Financial Statement Schedule:***

Schedule II−Valuation and Qualifying Accounts

All other schedules are omitted either because they are not applicable or required, or because the required information is included in the financial statements or notes thereto.

(3) ***Exhibits:***

See Part (b) of this Item 15.

(b) Exhibits: The following exhibits are filed herewith or incorporated herein by reference:

EXHIBIT INDEX

Exhibit No.	Document
3.1	Restated Certificate of Incorporation of Hanger, Inc., dated August 27, 2012. (Incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the Registrant on August 27, 2012).
3.2	Amended and Restated By-Laws of Hanger Orthopedic Group, Inc., as amended effective February 2, 2012. (Incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the Registrant on February 6, 2012).
4.1	Indenture, dated November 2, 2010, by and among the Hanger Orthopedic Group, Inc., each of the Subsidiary Guarantors party thereto and Wilmington Trust Company, as trustee. (Incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on October 29, 2010).
4.2	First Supplemental Indenture, dated December 13, 2010, by and among the Hanger Orthopedic Group, Inc., each of the Subsidiary Guarantors party thereto and Wilmington Trust Company, as trustee. (Incorporated herein by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2010).

4.3	Second Supplemental Indenture, dated February 15, 2011, by and among the Hanger Orthopedic Group, Inc., Accelerated Care Plus Corp., ACP Medical Supply Corporation, Liberty Health Services, LLC and Wilmington Trust Company, as trustee. (Incorporated herein by reference to Exhibit 4.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011).

Exhibit No.	Document
10.1	Amended and Restated 2002 Stock Incentive Plan, as amended through May 10, 2007. (Incorporated herein by reference to Appendix 1 to the Registrant's Proxy Statement, dated April 10, 2007, relating to the Registrant's Annual Meeting of Stockholders held on May 10, 2007).*
10.2	Amended and Restated 2003 Non-Employee Directors' Stock Incentive Plan, as amended through May 10, 2007. (Incorporated herein by reference to Appendix 2 to the Registrant's Proxy Statement, dated April 10, 2007, relating to the Registrant's Annual Meeting of Stockholders held on May 10, 2007).
10.3	Form of Stock Option Agreement (Non-Executive Employees), Stock Option Agreement (Executive Employees), Restricted Stock Agreement (Non-Executive Employees) and Restricted Stock Agreement (Executive Employees). (Incorporated herein by reference to Exhibits 10.1, 10.2, 10.3 and 10.4, respectively, to the Registrant's Current Report on Form 8-K filed on February 24, 2005).*
10.4	Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2011 (Incorporated herein by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2010).*
10.8	Credit Agreement, dated as of December 1, 2010, among the Company and the lenders and agents party thereto. (Incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on December 1, 2010).
10.9	Guarantee and Collateral Agreement, dated as of December 1, 2010, made by the Registrant, as Borrower, and certain of its subsidiaries, in favor of Bank of America, N/A., as Administrative Agent. (Incorporated herein by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2010).
10.10	Amendment No. 1, dated as of March 11, 2011, to the Credit Agreement, dated as of December 1, 2010, among the Company and the lenders and gents party hereto. (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by the Registrant on March 11, 2011).
10.11	Fourth Amended and Restated Employment Agreement, effective as of January 1, 2012, by and between George E. McHenry and the Company. (Incorporated herein by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on January 27, 2012).*
10.12	Fourth Amended and Restated Employment Agreement, effective as of January 1, 2012, by and between Richmond L. Taylor and the Company. (Incorporated herein by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on January 27, 2012).*
10.13	Hanger Orthopedic Group, Inc. 2010 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).*
10.14	Form of Restricted Stock Agreement for Non-Employee Directors (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).*

10.15	Form of Restricted Stock Agreement for Executives (incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).*
10.16	Form of Restricted Stock Agreement for Employees Executives (incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).*

Exhibit No.	Document
10.17	Form of Non-Employee Director Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).*
10.18	Form of Executive Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).*
10.19	Form of Non-Qualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010).*
10.20	Securities Purchase and Lock-Up Agreement, dated October 18, 2010, by and between Hanger Orthopedic Group, Inc. and John B. Breach and Schedule of Substantially Identical Securities Purchase and Lock-Up Agreements Omitted Pursuant to Instruction 2 to Item 601 of Regulation S-K (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 18, 2010).
10.21	Amended and Restated Employment Agreement, as of January 1, 2012 by and between Vinit K. Asar and the Company. (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on January 27, 2012).*
10.22	Amended and Restated Employment Agreement, dated as of March 30, 2012, between Thomas E. Hartman and Hanger Prosthetics & Orthotics, Inc. (Incorporated herein by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012).*
10.23	Second Amended and Restated Employment Agreement, dated August 27, 2012, by and between Vinit K. Asar and Hanger, Inc. (Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Registrant on August 27, 2012).*
10.24	Amended and Restated Employment Agreement, dated as of February 25, 2013, by and between Kenneth W. Wilson and Southern Prosthetic Supply, Inc. (Incorporated herein by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012).*
21	List of Subsidiaries of the Registrant. (Incorporated herein by reference to Exhibit 21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012).
23.1	Consent of PricewaterhouseCoopers LLP. (Previously filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2012).
31.1	Written Statement of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
31.2	Written Statement of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
32	Written Statement of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C.

Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith).

Exhibit No.	Document
101	The following financial information from the Company's Annual Report on Form 10-K, for the period ended December 31,2012, formatted in eXtensible Business Reporting Language: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of lncome and Comprehensive Income, (iii) Consolidated Statements of Shareholders' Equity, (iv) Consolidated Statements of Cash Flows, (v) Notes to Consolidated Financial Statements (furnished herewith)

* Management contract or compensatory plan

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

HANGER, INC.

		/s/ VINIT K. ASAR
Dated: March 18, 2013	By:	Vinit K. Asar
		Chief Executive Officer

QuickLinks

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, Vinit K. Asar, certify that:

1. I have reviewed this annual report on Form 10-K/A of Hanger, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

	/s/ VINIT K. ASAR
Date: March 18, 2013	Vinit K. Asar *Chief Executive Officer* *(Principal Executive Officer)*

QuickLinks

[Exhibit 31.1](#)

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, George E. McHenry, certify that:

1. I have reviewed this annual report on Form 10-K/A of Hanger, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

	/s/ GEORGE E. MCHENRY
	George E. McHenry
Date: March 18, 2013	*Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)*

QuickLinks

Exhibit 32

Written Statement of the Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Solely for the purposes of complying with 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Chief Executive Officer and Chief Financial Officer of Hanger, Inc. (the "Company"), hereby certify, based on our knowledge, that the Annual Report on Form 10-K/A of the Company for the year ended December 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ VINIT K. ASAR

Vinit K. Asar
Chief Executive Officer
(Principal Executive Officer)

/s/ GEORGE E. MCHENRY

George E. McHenry
Executive Vice President and Chief Financial
Officer (Principal Financial Officer and Principal
Accounting Officer)

March 18, 2013

QuickLinks

Exhibit 32

Written Statemen t of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNIFICANT ACCOUNTING POLICIES (Details) (USD $) In Thousands, except Per Share data, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Impact of error on the income statement			
Inventories, net	$ 127,295	$ 112,305	$ 97,381
Accrued expenses (taxes)		17,547	20,426
Material costs	296,193	270,210	248,667
Personnel costs	335,328	321,529	282,417
Other operating expenses	188,868	177,910	165,158
Income from operations	129,338	115,955	80,470
Income before taxes	98,169	84,134	34,535
Provision for income taxes	34,477	29,657	13,639
Net income	63,692	54,477	20,896
Basic Per Common Share Net Income (in dollars per share)	$ 1.86	$ 1.62	$ 0.65
Diluted Per Common Share Net Income (in dollars per share)	$ 1.83	$ 1.59	$ 0.64
As Previously Reported			
Impact of error on the income statement			
Inventories, net		114,086	98,290
Accrued expenses (taxes)		18,247	20,796
Material costs		267,677	247,565
Personnel costs		322,765	284,095
Other operating expenses		178,335	163,673
Income from operations		116,827	81,379
Income before taxes		85,006	35,444
Provision for income taxes		29,987	14,009
Net income		$ 55,019	$ 21,435
Basic Per Common Share Net Income (in dollars per share)		$ 1.64	$ 0.66
Diluted Per Common Share Net Income (in dollars per share)		$ 1.61	$ 0.65

COMMITMENTS AND CONTINGENT LIABILITIES (Details) (Non-binding purchase agreement, Innovative Neurotronics, Inc. (IN, Inc.), USD $) In Millions, unless otherwise specified	12 Months Ended Dec. 31, 2012 M
Non-binding purchase agreement | Innovative Neurotronics, Inc. (IN, Inc.)	
Commitments	
Outstanding purchase commitments	$ 0.5
Expected fulfillment period of purchase commitments (in months)	3

GOODWILL AND OTHER INTANGIBLE ASSETS (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended							12 Months Ended	
	Dec. 31, 2012 unit	Dec. 31, 2011	Dec. 31, 2012 Patient-Care Centers	Dec. 31, 2011 Patient-Care Centers	Dec. 31, 2012 Distribution	Dec. 31, 2011 Distribution	Dec. 31, 2010 Distribution	Dec. 31, 2012 Therapeutic Solutions	Dec. 31, 2011 Therapeutic Solutions
GOODWILL AND OTHER INTANGIBLE ASSETS									
Number of reporting units with goodwill to be evaluated	3								
Net									
Balance at the beginning of the period	$ 609,484	$ 590,699	$ 474,166	$ 456,232	$ 38,388	$ 38,388	$ 38,388	$ 96,930	$ 96,079
Additions due to acquisitions	64,813	18,043	63,849	17,192				964	851
Contingent consideration	477	742	477	742					
Balance at the end of the period	$ 674,774	$ 609,484	$ 538,492	$ 474,166	$ 38,388	$ 38,388	$ 38,388	$ 97,894	$ 96,930

NET INCOME PER COMMON SHARE (Details) (USD $) In Thousands, except Share data, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
NET INCOME PER COMMON SHARE			
Net income applicable to common stock	$ 63,692	$ 54,477	$ 20,896
Shares of common stock outstanding used to compute basic per common share amounts	34,282,591	33,544,813	32,238,401
Effect of dilutive restricted stock and options (in shares)	550,239	675,443	649,904
Shares used to compute diluted per common share amounts	34,832,830	34,220,256	32,888,305
Basic income per share applicable to common stock (in dollars per share)	$ 1.86	$ 1.62	$ 0.65
Diluted income per share applicable to common stock (in dollars per share)	$ 1.83	$ 1.59	$ 0.64

SIGNIFICANT ACCOUNTING POLICIES (Details 8) In Millions, unless otherwise specified	12 Months Ended
	Dec. 31, 2012
Stock Based Compensation	
Number of stock-based compensation plans	1
Number of shares of available for future issuance	1.5
Restricted stock	
Stock Based Compensation	
Minimum period for vesting of awards (in years)	P1Y
Maximum period for vesting of awards (in years)	P4Y

EMPLOYEE BENEFITS (Tables)	12 Months Ended Dec. 31, 2012

EMPLOYEE BENEFITS

Summary of change in benefit obligation

(In thousands)	
Change in Benefit Obligation	
Benefit obligation at December 31, 2010	$17,510
Service cost	986
Interest cost	807
Payments	(526)
Actuarial loss	1,453
Benefit obligation at December 31, 2011	$20,230
Service cost	878
Interest cost	761
Amortization of (Gain)/Loss	40
Payments	(706)
Actuarial loss	1,174
Benefit obligation at December 31, 2012	$22,377
Unfunded status	$22,377
Unamortized net (gain) loss	—
Net amount recognized	$22,377
Amounts Recognized in the Consolidated Balance Sheet	
Current Accrued liabilities	1,247
Total Accrued liabilities	$22,377

Schedule of weighted average assumptions used to determine benefit obligation and net benefit cost

	2012	2011
Discount rate	3.25 %	3.90 %
Average rate of increase in compensation	3.00 %	3.00 %

Schedule of future payments under the plan

(In thousands)	
2013	$1,247
2014	1,578
2015	1,578
2016	1,578
2017	1,578
Thereafter	14,818
	$22,377

INCOME TAXES (Details 2) (USD $)	12 Months Ended Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Deferred tax liabilities:			
Goodwill amortization	$ 63,405,000	$ 58,423,000	
Property, plant and equipment	3,339,000	6,011,000	
Acquired Intangibles	18,062,000	18,091,000	
Debt issuance costs	1,600,000	2,446,000	
Tax accounting method changes	1,278,000	2,626,000	
Other	4,511,000	1,578,000	
Total deferred tax liabilities	92,195,000	89,175,000	
Deferred tax assets:			
Net operating loss carryforwards	4,943,000	5,499,000	
Accrued expenses	15,573,000	11,870,000	
Deferred benefit plan compensation	8,363,000	7,693,000	
Provision for doubtful accounts	7,911,000	5,756,000	
Inventory capitalization and reserves	2,408,000	2,247,000	
Restricted stock	2,182,000	1,947,000	
Deferred rent	1,432,000	1,282,000	
Other	557,000	594,000	
Gross deferred tax assets	43,369,000	36,888,000	
Valuation allowance	(1,219,000)	(1,374,000)	
Net deferred tax assets	42,150,000	35,514,000	
Net deferred tax liabilities	50,045,000	53,661,000	
Reconciliation of beginning and ending balances of unrecognized tax benefits			
Unrecognized tax benefits, at beginning of the year	230,000	420,000	1,709,000
Additions for tax positions related to the current year	107,000		107,000
Additions for tax positions of prior years	79,000		
Decrease related to prior year positions		(190,000)	(672,000)
Decrease for lapse of applicable statute of limitations	(39,000)		(724,000)
Unrecognized tax benefits, at end of the year	377,000	230,000	420,000
Total amount of unrecognized tax benefits, if recognized, would affect the effective tax rate	100,000		
Federal			
Income Taxes			
Accumulated net operating losses	7,000,000	7,100,000	
State			
Income Taxes			
Accumulated net operating losses	$ 49,700,000	$ 59,000,000	

SIGNIFICANT ACCOUNTING POLICIES (Policies)	12 Months Ended
	Dec. 31, 2012

SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in the accompanying financial statements.

Revision of Previously Reported Consolidated Income Statements

Revision of Previously Reported Consolidated Financial Information

During the fourth quarter of 2012, the Company identified adjustments necessary to correct prior periods for the overstatement of the value of work-in-process inventory at December 31, 2011 and 2010. The Company assessed the materiality of the errors on previously reported periods and concluded the impact was not material to any prior annual consolidated financial statements. Management, however, deemed the impact of this error on the consolidated financial statements for the three months ended March 31, 2012 and 2011 to be material and will restate the first quarter 2012 and 2011 financial results. These errors had no impact on operating cash flows for any of the periods. During 2012, 2011 and 2010, the only interim periods impacted by this error were the first and fourth quarters. Accordingly, the years ended December 31, 2011 and 2010 have been revised. The impact of the error on the Consolidated Balance Sheets and Statements of Income and Comprehensive Income for the years ended December 31, 2011 and 2010 is shown in the table below (in 000's). The impact of the errors are included in the results of the Patient Care segment in Note O.

(Dollars in thousands, except share and per share amounts)	2011 As Previously Reported	2011 As Revised	2010 As Previously Reported	2010 As Revised
Inventory	$114,086	$112,305	$98,290	$97,381
Accrued expenses (taxes)	18,247	17,547	20,796	20,426
Material costs	$267,677	$270,210	$247,565	$248,667
Personnel Costs	$322,765	$321,529	$284,095	$282,417
Other Operating expenses	$178,335	$177,910	$163,673	$165,158
Income from operations	$116,827	$115,955	$81,379	$80,470
Income before taxes	$85,006	$84,134	$35,444	$34,535
Provision for income taxes	$29,987	$29,657	$14,009	$13,639
Net income	$55,019	$54,477	$21,435	$20,896
Basic Per Common Share Net Income	$1.64	$1.62	$0.66	$0.65
Diluted Per Common Share Net Income	$1.61	$1.59	$0.65	$0.64

Use of Estimates

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. At various times throughout the year, the Company maintains cash balances in excess of Federal Deposit Insurance Corporation limits.

Restricted Cash

Restricted Cash

Restricted cash has statutory or contractual restrictions that prevent it from being used in the Company's operations. The Company agreed to restrict $3.1 million of cash to eliminate letters of credit obligations used as collateral under the revolving credit facility.

Credit Risk

Credit Risk

The Company primarily provides O&P devices and services and products throughout the United States of America and is reimbursed by the patients' third-party insurers, governmentally funded health insurance programs, and in the case of its Distribution segment from independent O&P providers. The Company also provides advanced rehabilitation technology and clinical programs to skilled nursing facilities in the United States primarily through operating leases. The Company performs ongoing credit evaluations of its customers. Accounts receivable are not collateralized. The ability of the Company's debtors to meet their obligations is dependent upon their financial stability which could be affected by future legislation and regulatory actions. Additionally, the Company maintains reserves for potential losses from these receivables that historically have been within management's expectations.

Inventories

Inventories

Inventories in the Patient Care segment consisting principally of raw materials and work-in-process, which amounted to $99.2 million and $82.8 million as of December 31, 2012 and 2011, respectively, are valued based on the gross profit method which approximates lower of cost or market using the first-in first-out method. The Company applies the gross profit method on a patient care clinic basis in this segment's inventory to determine ending inventory at the end of each interim period except on October 31st, which is the date of our physical inventory. The annual physical inventory for this segment values the inventory at lower of cost or market using the first-in first-out method and includes work-in-process consisting of materials, labor and overhead which is valued based on established standards for the stage of completion of each custom order. Adjustments to reconcile the physical inventory to our books are treated as changes in accounting estimates and are recorded in the fourth quarter. The Company recorded fourth quarter adjustments of a decrease of $0.5 million, an increase of $2.3 million and a decrease of $1.0 million to inventory as of October 31, 2012, 2011 and 2010, respectively. The October 31st inventory is subsequently adjusted during interim periods to apply the gross profit method described above.

Inventories in the Distribution and Therapeutic Solutions segments consist principally of finished goods which are stated at the lower of cost or market using the first-in, first-out method for all reporting periods and are valued based on perpetual records.

Fair Value Measurements

Fair Value Measurements

The Company follows the authoritative guidance for financial assets and liabilities, which establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. The authoritative guidance requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy by which these assets and liabilities must be categorized, based on significant levels of inputs as follows:

Level 1	unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Company
Level 2	inputs that are observable in the marketplace other than those inputs classified as Level 1
Level 3	inputs that are unobservable in the marketplace and significant to the valuation

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Financial Instruments

Financial Instruments

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011, are $11.0 million and $0, respectively, and are comprised of cash equivalent money market investments. The money market investments are based on Level 1 observable market prices and are equivalent to one dollar.

The carrying value of the Company's short-term financial instruments, such as receivables and payables, approximate their fair values based on the short-term maturities of these instruments. The carrying value of the Company's Term Loan as of December 31 2012 and 2011, $293.3 million and $297.0, respectively, approximates fair value for debt with similar terms and remaining maturities based on rates currently available to the Company and are considered Level 2 measurements. The fair value of the Senior Notes is based on a Level 1 quoted market price, and was $211.5 million and $203.0 million as of December 31, 2012 and 2011, respectively, compared to the carrying value of $200.0 million and $200.0 million as of those dates. Seller Notes recorded as a part of 2012 acquisitions, $21.9 million, were recorded at contractual carrying values, which are not based on observable rates and therefore represent Level 3 measurements. The Company believes the carrying value of the Seller Notes approximate fair value for similar debt in all material respects.

Contingent consideration recorded as a part of 2012 acquisitions was $2.7 million. Contingent consideration is recorded at fair value as of the date of the acquisition using Level 3 measurements.

Investments

Investments

Prior to December 2010, the Company's investments consisted of two auction rate securities ("ARS") totaling $7.5 million of par value; $5.0 million was collateralized by Indiana Secondary Market Municipal Bond—1998 ("Indiana ARS"), and $2.5 million was collateralized by Primus Financial Products Subordinated Deferrable Interest Notes ("Primus ARS"). ARS are securities that are structured with short-term interest rate reset dates which generally occur every 28 days and are linked to LIBOR. At the reset date, investors can attempt to sell via auction or continue to hold the securities at par. These securities were accounted for in accordance with authoritative guidance for investments in debt and equity securities and were reported at fair value with unrealized gains and losses included in earnings.

In May 2010, the Company sold its investment in the Primus ARS for $1.5 million. On July 1, 2010, the Company exercised its right to put the Indiana ARS back to UBS at par value of $5.0 million, resulting in a realized loss of $0.2 million. The $5.0 million proceeds were received on July 1, 2010. As part of the settlement, the Company closed out a $3.6 million line of credit with UBS that the Company obtained as part of the buyback agreement originally executed in November 2008, with net cash proceeds of approximately $1.4 million.

Interest Rate Swaps

Interest Rate Swaps

Prior to December 2010, the Company utilized interest rate swaps to manage our exposure to interest rate risk associated with our variable rate borrowings. On December 1, 2010, the Company was required to terminate the interest rate swaps due to refinancing of the credit facilities. The Company incurred a loss of $1.6 million, which is recorded in loss/(gain) from interest rate swap on the Consolidated Statements of Income and Comprehensive Income.

Revenue Recognition

Revenue Recognition

Revenues in the Company's patient care clinics are derived from the sale of O&P devices and the maintenance and repair of existing devices and are recorded net of known contractual adjustments and discounts. The sale of O&P devices includes the design, fabrication, assembly, fitting and delivery of a wide range of braces, limbs and other devices. Revenues from the sale of these devices are recorded when (i) acceptance by and delivery to the patient has occurred; (ii) persuasive evidence of an arrangement exists and there are no further obligations to the patient; (iii) the sales price is fixed or determinable; and (iv) collectability is reasonably assured. Revenues from maintenance and repairs are recognized when the service is provided. Revenues on the sale of O&P devices to customers by the Distribution segment are recorded upon the shipment of products, in accordance with the terms of the invoice, net of merchandise returns. Discounted sales are recorded at net realizable value. Revenues in the Therapeutic Solutions segment are primarily derived from leasing rehabilitation technology combined with clinical therapy programs and education and training. The revenue is recorded on a monthly basis according to terms of the contracts with our customers.

Certain accounts receivable may be uncollectible, even if properly pre-authorized and billed. Regardless of the balance, accounts receivable amounts are periodically evaluated to assess collectability. In addition to the actual bad debt expense recognized during collection activities, the Company estimates the amount of potential bad debt expense that may occur in the future. This estimate is based upon historical experience as well as a review of the receivable balances.

On a quarterly basis, the Company evaluates cash collections, accounts receivable balances and write-off activity to assess the adequacy of the allowance for doubtful accounts. Additionally, a company-wide evaluation of collectability of receivable balances older than 180 days is performed at least semi-annually, the results of which are used in the next allowance analysis. In these detailed reviews, the account's net realizable value is estimated after considering the customer's payment history, past efforts to collect on the balance and the outstanding balance, and a specific reserve is recorded if needed. From time to time, the Company may outsource the collection of such accounts to outsourced agencies after internal collection efforts are exhausted. In the cases when valid accounts receivable cannot be collected, the uncollectible account is written off to bad debt expense.

Property, Plant and Equipment

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and amortization, with the exception of assets acquired through acquisitions, which are initially recorded at fair value. Equipment acquired under capital leases is recorded at the lower of fair market value or the present value of the future minimum lease payments. The cost and related accumulated depreciation of assets sold, retired or otherwise disposed of are removed from the respective accounts, and any resulting gains or losses are included in the Consolidated Statements of Income and Comprehensive Income. Depreciation is computed for financial reporting purposes using the straight-line method over the estimated useful lives of the related assets as follows:

Asset class	Estimated life (in years)
Furniture and fixtures	5
Machinery and equipment	5
Computers and software	5
Buildings	10 - 40
Assets under capital leases	Shorter of 10 or lease term
Leasehold improvements	Shorter of 10 or lease term
Equipment leased to third parties under operating leases	Up to 10

The following table outlines the investment in equipment leased to third parties under operating leases:

(In thousands)	
Program equipment	$34,827
Less: Accumulated depreciation	(10,315)
Net book value at December 31, 2012	$24,512

Depreciation expense related to property, plant and equipment was approximately $29.2 million, $26.2 million, and $17.3 million for the years ended December 31, 2012, 2011, and 2010, respectively.

Repairs and Maintenance

Repairs and Maintenance

Repair and maintenance costs are expensed as incurred. During the years ended December 31, 2012, 2011, and 2010, the Company incurred $1.5 million, $1.6 million, and $1.5 million, respectively, in repair and maintenance costs.

Goodwill and Other Intangible Assets

Goodwill and Other Intangible Assets

The authoritative guidance for Accounting for Goodwill and Other Intangible Assets requires that purchased goodwill and indefinite-lived intangibles not be amortized, but instead be tested for impairment at least annually or wherever facts or circumstances indicate potential impairment (the Company has selected October 1st as its annual test date). The Company has the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step impairment test for goodwill and indefinite lived intangible assets. If the Company determines that a two-step impairment test is necessary or more efficient than a qualitative approach, it measures the fair value of the Company's reporting units using any one of, or a combination of, income, market and cost approaches. The Company evaluated its intangible assets, other than goodwill and the ACP trade name, and determined that all such assets have determinable lives.

Non-compete agreements are recorded based on agreements entered into by the Company and are amortized, using the straight-line method, over their estimated term ranging from five to seven years. Other definite-lived intangible assets are recorded at cost and are amortized, using the straight-line method, over their estimated useful lives of up to 20 years. The Company periodically evaluates the recoverability of intangible assets and takes into account events or circumstances that may warrant revised estimates of useful lives or that indicate that impairment had occurred. Refer to Note D for further discussion.

Debt Issuance Costs

Debt Issuance Costs

Debt issuance costs incurred in connection with the Company's long-term debt are amortized, on a straight-line basis, which is not materially different from the effective interest method, through the maturity of the related debt instrument. Amortization of these costs is included in Interest Expense in the Consolidated Statements of Income and Comprehensive Income.

Long-Lived Asset Impairment

Long-Lived Asset Impairment

The Company evaluates the carrying value of long-lived assets to be held and used whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. The carrying value of a long-lived asset group is not recoverable and is considered impaired if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. The Company measures impairment as the amount by which the carrying value exceeds the fair market value. Fair market value is determined primarily using the projected future cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose. There were no long-lived asset impairments or indicators of impairment for the years ended December 31, 2012 or 2011.

Supplemental Executive Retirement Plan

Supplemental Executive Retirement Plan

Expense and liability balances associated with the Company's Supplemental Executive Retirement Plan are calculated based on certain assumptions including benefits earned, discount rates, interest costs, mortality rates and other factors. Refer to Note K for further discussion.

Marketing

Marketing

Marketing costs, including advertising, are expensed as incurred. The Company incurred \$4.2 million, \$3.9 million, and \$4.3 million in marketing costs during the years ended December 31, 2012, 2011, and 2010, respectively.

Income Taxes

Income Taxes

The Company recognizes deferred income tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred income tax liabilities and assets are determined based on the difference between the financial statement and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company recognizes a valuation allowance on the deferred tax assets if it is more likely than not that the assets will not be realized in future years. Significant accounting judgment is required in determining the provision for income taxes and related accruals, deferred tax assets and liabilities. The Company believes that its tax positions are consistent with applicable tax law, but certain positions may be challenged by taxing authorities. In the ordinary course of business, there are transactions and calculations where the ultimate tax outcome is uncertain. In addition, the Company is subject to periodic audits and examinations by the Internal Revenue Service and other state and local taxing authorities. Although the Company believes that its estimates are reasonable, actual results could differ from these estimates.

Stock-Based Compensation

Stock-Based Compensation

The Company issues restricted stock units of common stock under one active stock-based compensation plan. At December 31, 2012, 1.5 million shares of common stock were available for issuance under the Company's stock-based compensation plan. Shares of common stock issued under the stock-based compensation plan are issued from the Company's authorized and unissued shares. Restricted stock units are granted at the fair market value of the Company's common stock on the grant date. Restricted stock units vest over a period of time determined by the compensation plan, ranging from one to four years.

The Company applies the fair value recognition provisions of the authoritative guidance for stock compensation, which require companies to measure and recognize compensation expense for all stock-based payments at fair value.

Stock compensation expense relates to restricted stock units, as all stock options are fully vested and all associated compensation expense has been recognized in prior years. The total value of the restricted stock units is expensed ratably over the requisite service period of the employees receiving the awards.

Segment Information

Segment Information

The Company applies a "management" approach to disclosure of segment information. The management approach designates the internal organization that is used by management for making operating decisions and assessing performance as the basis of the Company's reportable segments. The description of the Company's reportable segments and the disclosure of segment information are presented in Note O.

Recently Adopted Accounting Guidance

Recently Adopted Accounting Guidance

In May 2011, the FASB issued Accounting Standards Update ("ASU") 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs," which amends ASC 820, "Fair Value Measurement." The amended guidance changes the wording used to describe many requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Additionally, the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. The guidance provided in ASU No. 2011-04 was effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The Company adopted the amendments of this ASU effective January 1, 2012, and the initial adoption of the amendments in this ASU did not have a material impact on the Company's consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, "Comprehensive Income (Topic 220)," which changes the presentation of comprehensive income. The amended guidance gives companies the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The guidance provided in ASU No. 2011-05 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The Company adopted the amendments of this ASU effective January 1, 2012, and the initial adoption of the amendments in this ASU did not have a material impact on the Company's consolidated financial statements.

In July 2011, the FASB issued ASU No. 2011-07 "Presentation and Disclosures of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities." The objective of this update is to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts. This update provides information to assist financial statement users in assessing an entity's sources of net patient service revenue and related changes in its allowance for doubtful accounts. The amendments require health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. The amendments in this update require certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The guidance provided in ASU No. 2011-07 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The provisions are effective for the Company's year ended December 31, 2012. The Company has determined that ASU No. 2011-07 has no impact on its consolidated financial statements.

In September 2011, FASB issued ASU 2011-08, "Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment," which provides entities the option to perform a qualitative assessment in order to determine whether additional quantitative impairment testing is necessary. This amendment was effective for reporting periods beginning after December 15, 2011. This amendment does not impact the quantitative testing methodology. The Company adopted this standard on January 1, 2012 and the initial adoption of the amendment in this ASU did not have a material impact on the Company's consolidated financial statements.

INVENTORIES (Details) (USD $) In Thousands, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
INVENTORIES			
Raw materials	$ 41,372	$ 39,121	
Work in process	56,931	43,954	
Finished goods	28,992	29,230	
Total	$ 127,295	$ 112,305	$ 97,381

SIGNIFICANT ACCOUNTING POLICIES (Details 4) (USD $) In Millions, unless otherwise specified	1 Months Ended	12 Months Ended		0 Months Ended		0 Months Ended	
	Jul. 31, 2010 Line of Credit	Dec. 31, 2010 Auction Rate Security Rights Line of Credit	Dec. 31, 2010 Auction Rate Securities securities	Jul. 02, 2010 Indiana Secondary Market Municipal Bond 1998 (Indiana ARS)	Dec. 31, 2010 Indiana Secondary Market Municipal Bond 1998 (Indiana ARS)	May 31, 2010 Primus Financial Products Subordinated Deferrable Interest Notes (Primus ARS)	Dec. 31, 2010 Primus Financial Products Subordinated Deferrable Interest Notes (Primus ARS)
Investments							
Number of securities held			2				
Par value of securities			$ 7.5		$ 5.0		$ 2.5
Short-term interest rate reset period (in days)			28 days				
Proceeds from sale of marketable securities and ARS						1.5	
Price at which put option on Indiana ARS was exercised				5.0			
Realized loss on investments sold				0.2			
Line of credit facility availed from UBS under buyback agreement	3.6						
Line of credit facility closed out		$ 1.4					

CORPORATE OFFICE RELOCATION (Tables)	12 Months Ended Dec. 31, 2012

CORPORATE OFFICE RELOCATION

Summary of the costs of the relocation incurred and to be paid in future periods

(in thousands)	Employee Separation	Other Relocation	Lease Termination	Total
Balance as of December 31, 2010	$1,895	$—	$5,206	$7,101
Expenses incurred	(158)	1,211	132	1,185
Amounts paid	(1,511)	(1,211)	(2,253)	(4,975)
Balance as of December 31, 2011	$226	$—	$3,085	$3,311
Expenses incurred	—	—	—	—
Amounts paid	(134)	—	(1,043)	(1,177)
Balance as of December 31, 2012	$92	$—	$2,042	$2,134

ACQUISITIONS (Details 2) (Accelerated Care Plus Corp. (ACP), USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Acquired intangible assets			
Contingent consideration paid on acquisitions prior to adoption of new authoritative guidance	$ 0.5	$ 0.7	$ 1.3
Contingent consideration paid after adoption of new authoritative guidance	2.5	1.5	0.4
Estimated payments related to contingent consideration provisions of acquisitions in future periods	6.3		
Trade Name ACP			
Acquired intangible assets			
Indefinite-lived intangible assets acquired			9.1
Customer relationships			
Acquired intangible assets			
Amortizable intangible assets acquired			22.3
Useful life of identified intangible asset (in years)			14
Proprietary treatment programs			
Acquired intangible assets			
Amortizable intangible assets acquired			8.1
Useful life of identified intangible asset (in years)			15
Patented technology			
Acquired intangible assets			
Amortizable intangible assets acquired			5.4
Useful life of identified intangible asset (in years)			8
Other definite-lived intangible assets			
Acquired intangible assets			
Amortizable intangible assets acquired			$ 3.3
Minimum useful life of identified intangible asset (in years)			3
Maximum useful life of identified intangible asset (in years)			5

LEASES (Details) (USD $)	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
LEASES			
Rent expense	$ 43,000,000	$ 41,400,000	$ 40,400,000
Sublease rental income netted against rent expense	1,300,000	600,000	100,000
Sublease rent income expected to be received over the next four years	2,400,000		
Future minimum rental payments, by year and in the aggregate, under operating leases			
2013	45,081,000		
2014	36,583,000		
2015	26,253,000		
2016	19,397,000		
2017	14,031,000		
Thereafter	30,014,000		
Total	$ 171,359,000		

SUPPLEMENTAL CASH FLOW FINANCIAL INFORMATION (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Cash paid during the period for:			
Interest	$ 27,362	$ 27,799	$ 27,758
Income taxes	34,468	17,152	14,120
Non-cash financing and investing activities:			
Purchase of property, plant and equipment in accounts payable	1,525	810	2,660
Unrealized loss on SERP (net of tax)	734	906	278
Capital lease obligations	4,615	23	157
Unrealized gain (loss) on interest rate swaps			1,514
Earnouts payable on acquisitions	2,672	4,098	2,182
Issuance of notes in connection with acquisitions	21,895	6,700	2,950
Issuance of restricted stock units of common stock	$ 5,996	$ 12,754	$ 9,325

SIGNIFICANT ACCOUNTING POLICIES	12 Months Ended Dec. 31, 2012

SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

NOTE B—SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in the accompanying financial statements.

Revision of Previously Reported Consolidated Financial Information

During the fourth quarter of 2012, the Company identified adjustments necessary to correct prior periods for the overstatement of the value of work-in-process inventory at December 31, 2011 and 2010. The Company assessed the materiality of the errors on previously reported periods and concluded the impact was not material to any prior annual consolidated financial statements. Management, however, deemed the impact of this error on the consolidated financial statements for the three months ended March 31, 2012 and 2011 to be material and will restate the first quarter 2012 and 2011 financial results. These errors had no impact on operating cash flows for any of the periods. During 2012, 2011 and 2010, the only interim periods impacted by this error were the first and fourth quarters. Accordingly, the years ended December 31, 2011 and 2010 have been revised. The impact of the error on the Consolidated Balance Sheets and Statements of Income and Comprehensive Income for the years ended December 31, 2011 and 2010 is shown in the table below (in 000's). The impact of the errors are included in the results of the Patient Care segment in Note O.

	2011		2010	
(Dollars in thousands, except share and per share amounts)	As Previously Reported	As Revised	As Previously Reported	As Revised
Inventory	$114,086	$112,305	$98,290	$97,381
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Net income	$55,019	$54,477	$21,435	$20,896
Basic Per Common Share Net Income	$1.64	$1.62	$0.66	$0.65
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Use of Estimates

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Inventories

Inventories in the Patient Care segment consisting principally of raw materials and work-in-process, which amounted to $96.6 million and $81.0 million as of December 31, 2012 and 2011, respectively, are valued based on the gross profit method which approximates lower of cost or market using the first-in first-out method. The Company applies the gross profit method on a patient care clinic basis in this segment's inventory to determine ending inventory at the end of each interim period except on October 31st, which is the date of our Physical inventory. The annual physical inventory for this segment values the inventory at lower of cost or market using the first-in first-out method and includes work-in-process consisting of materials, labor and overhead which is valued based on established standards for the stage of completion of each custom order. Adjustments to reconcile the physical inventory to our books are treated as changes in accounting estimates and are recorded in the fourth quarter. The Company recorded fourth quarter adjustments of a decrease of $0.5 million, an increase of $2.3 million and a decrease of $1.0 million to inventory as of October 31, 2012, 2011 and 2010, respectively. The October 31st inventory is subsequently adjusted during interim periods to apply the gross profit method described above.

Inventories in the Distribution and Therapeutic Solutions segments consist principally of finished goods which are stated at the lower of cost or market using the first-in, first-out method for all reporting periods and are valued based on perpetual records.

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The Company follows the authoritative guidance for financial assets and liabilities, which establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. The authoritative guidance requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy by which these assets and liabilities must be categorized, based on significant levels of inputs as follows:

Level 1	unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Company
Level 2	inputs that are observable in the marketplace other than those inputs classified as Level 1
Level 3	inputs that are unobservable in the marketplace and significant to the valuation

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Financial Instruments

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011, are $11.0 million and $0, respectively, and are comprised of cash equivalent money market investments. The money market investments are based on Level 1 observable market prices and are equivalent to one dollar.

The carrying value of the Company's short-term financial instruments, such as receivables and payables, approximate their fair values based on the short-term maturities of these instruments. The carrying value of the Company's Term Loan as of December 31 2012 and 2011, $293.3 million and $297.0, respectively, approximates fair value for debt with similar terms and remaining maturities based on rates currently available to the Company and are considered Level 2 measurements. The fair value of the Senior Notes is based on a Level 1 quoted market price, and was $211.5 million and $203.0 million as of December 31, 2012 and 2011, respectively, compared to the carrying value of $200.0 million and $200.0 million as of those dates. Seller Notes recorded as a part of 2012 acquisitions, $21.9 million, were recorded at contractual carrying values, which are not based on observable rates and therefore represent Level 3 measurements. The Company believes the carrying value of the Seller Notes approximate fair value for similar debt in all material respects.

Contingent consideration recorded as a part of 2012 acquisitions was $2.7 million. Contingent consideration is recorded at fair value as of the date of the acquisition using Level 3 measurements.

Investments

Prior to December 2010, the Company's investments consisted of two auction rate securities ("ARS") totaling $7.5 million of par value; $5.0 million was collateralized by Indiana Secondary Market Municipal Bond—1998 ("Indiana ARS"), and $2.5 million was collateralized by Primus Financial Products Subordinated Deferrable Interest Notes ("Primus ARS"). ARS are securities that are structured with short-term interest rate reset dates which generally occur every 28 days and are linked to LIBOR. At the reset date, investors can attempt to sell via auction or continue to hold the securities at par. These securities were accounted for in accordance with authoritative guidance for investments in debt and equity securities and were reported at fair value with unrealized gains and losses included in earnings.

In May 2010, the Company sold its investment in the Primus ARS for $1.5 million. On July 1, 2010, the Company exercised its right to put the Indiana ARS back to UBS at par value of $5.0 million, resulting in a realized loss of $0.2 million. The $5.0 million proceeds were received on July 1, 2010. As part of the settlement, the Company closed out a $3.6 million line of credit with UBS that the Company obtained as part of the buyback agreement originally executed in November 2008, with net cash proceeds of approximately $1.4 million.

Interest Rate Swaps

Prior to December 2010, the Company utilized interest rate swaps to manage our exposure to interest rate risk associated with our variable rate borrowings. On December 1, 2010, the Company was required to terminate the interest rate swaps due to refinancing of the credit facilities. The Company incurred a loss of $1.6 million, which is recorded in loss/(gain) from interest rate swap on the Consolidated Statements of Income and Comprehensive Income.

Revenue Recognition

Revenues in the Company's patient care clinics are derived from the sale of O&P devices and the maintenance and repair of existing devices and are recorded net of known contractual adjustments and discounts. The sale of O&P devices includes the design, fabrication, assembly, fitting and delivery of a wide range of braces, limbs and other devices. Revenues from the sale of these devices are recorded when (i) acceptance by and delivery to the patient has occurred; (ii) persuasive evidence of an arrangement exists and there are no further obligations to the patient; (iii) the sales price is fixed or determinable; and (iv) collectability is reasonably assured. Revenues from maintenance and repairs are recognized when the service is provided. Revenues on the sale of O&P devices to customers by the Distribution segment are recorded upon the shipment of products, in accordance with the terms of the invoice, net of merchandise returns. Discounted sales are recorded at net realizable value. Revenues in the Therapeutic Solutions segment are primarily derived from leasing rehabilitation technology combined with clinical therapy programs and education and training. The revenue is recorded on a monthly basis according to terms of the contracts with our customers.

Certain accounts receivable may be uncollectible, even if properly pre-authorized and billed. Regardless of the balance, accounts receivable amounts are periodically evaluated to assess collectability. In addition to the actual bad debt expense recognized during collection activities, the Company estimates the amount of potential bad debt expense that may occur in the future. This estimate is based upon historical experience as well as a review of the receivable balances.

On a quarterly basis, the Company evaluates cash collections, accounts receivable balances and write-off activity to assess the adequacy of the allowance for doubtful accounts. Additionally, a company-wide evaluation of collectability of receivable balances older than 180 days is performed at least semi-annually, the results of which are used in the next allowance analysis. In these detailed reviews, the account's net realizable value is estimated after considering the customer's payment history, past efforts to collect on the balance and the outstanding balance, and a specific reserve is recorded if needed. From time to time, the Company may outsource the collection of such accounts to outsourced agencies after internal collection efforts are exhausted. In the cases when valid accounts receivable cannot be collected, the uncollectible account is written off to bad debt expense.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and amortization, with the exception of assets acquired through acquisitions, which are initially recorded at fair value. Equipment acquired under capital leases is recorded at the lower of fair market value or the present value of the future minimum lease payments. The cost and related accumulated depreciation of assets sold, retired or otherwise disposed of are removed from the respective accounts, and any resulting gains or losses are included in the Consolidated Statements of Income and Comprehensive Income. Depreciation is computed for financial reporting purposes using the straight-line method over the estimated useful lives of the related assets as follows:

Asset class	Estimated life (in years)
Furniture and fixtures	5
Machinery and equipment	5
Computers and software	5
Buildings	10 - 40
Assets under capital leases	Shorter of 10 or lease term
Leasehold improvements	Shorter of 10 or lease term
Equipment leased to third parties under operating leases	Up to 10

The following table outlines the investment in equipment leased to third parties under operating leases:

(In thousands)	
Program equipment	$34,827
Less: Accumulated depreciation	(10,315)
Net book value at December 31, 2012	$24,512

Depreciation expense related to property, plant and equipment was approximately $29.2 million, $26.2 million, and $17.3 million for the years ended December 31, 2012, 2011, and 2010, respectively.

Repairs and Maintenance

Repair and maintenance costs are expensed as incurred. During the years ended December 31, 2012, 2011, and 2010, the Company incurred $1.5 million, $1.6 million, and $1.5 million, respectively, in repair and maintenance costs.

Goodwill and Other Intangible Assets

The authoritative guidance for Accounting for Goodwill and Other Intangible Assets requires that purchased goodwill and indefinite-lived intangibles not be amortized, but instead be tested for impairment at least annually or wherever facts or circumstances indicate potential impairment (the Company has selected October 1st as its annual test date). The Company has the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step impairment test for goodwill and indefinite lived intangible assets. If the Company determines that a two-step impairment test is necessary or more efficient than a qualitative approach, it measures the fair value of the Company's reporting units using any one of, or a combination of, income, market and cost approaches. The Company evaluated its intangible assets, other than goodwill and the ACP trade name, and determined that all such assets have determinable lives.

Non-compete agreements are recorded based on agreements entered into by the Company and are amortized, using the straight-line method, over their estimated term ranging from five to seven years. Other definite-lived intangible assets are recorded at cost and are amortized, using the straight-line method, over their estimated useful lives of up to 20 years. The Company periodically evaluates the recoverability of intangible assets and takes into account events or circumstances that may warrant revised estimates of useful lives or that indicate that impairment had occurred. Refer to Note D for further discussion.

Debt Issuance Costs

Debt issuance costs incurred in connection with the Company's long-term debt are amortized, on a straight-line basis, which is not materially different from the effective interest method, through the maturity of the related debt instrument. Amortization of these costs is included in Interest Expense in the Consolidated Statements of Income and Comprehensive Income.

Long-Lived Asset Impairment

The Company evaluates the carrying value of long-lived assets to be held and used whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. The carrying value of a long-lived asset group is not recoverable and is considered impaired if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. The Company measures impairment as the amount by which the carrying value exceeds the fair market value. Fair market value is determined primarily using the projected future cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose. There were no long-lived asset impairments or indicators of impairment for the years ended December 31, 2012 or 2011.

Supplemental Executive Retirement Plan

Expense and liability balances associated with the Company's Supplemental Executive Retirement Plan are calculated based on certain assumptions including benefits earned, discount rates, interest costs, mortality rates and other factors. Refer to Note K for further discussion.

Marketing

Marketing costs, including advertising, are expensed as incurred. The Company incurred $4.2 million, $3.9 million, and $4.3 million in marketing costs during the years ended December 31, 2012, 2011, and 2010, respectively.

Income Taxes

The Company recognizes deferred income tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred income tax liabilities and assets are determined based on the difference between the financial statement and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company recognizes a valuation allowance on the deferred tax assets if it is more likely than not that the assets will not be realized in future years. Significant accounting judgment is required in determining the provision for income taxes and related accruals, deferred tax assets and liabilities. The Company believes that its tax positions are consistent with applicable tax law, but certain positions may be challenged by taxing authorities. In the ordinary course of business, there are transactions and calculations where the ultimate tax outcome is uncertain. In addition, the Company is subject to periodic audits and examinations by the Internal Revenue Service and other state and local taxing authorities. Although the Company believes that its estimates are reasonable, actual results could differ from these estimates.

Stock-Based Compensation

The Company issues restricted stock units of common stock under one active stock-based compensation plan. At December 31, 2012, 1.5 million shares of common stock were available for issuance under the Company's stock-based compensation plan. Shares of common stock issued under the stock-based compensation plan are issued from the Company's authorized and unissued shares. Restricted stock units are granted at the fair market value of the Company's common stock on the grant date. Restricted stock units vest over a period of time determined by the compensation plan, ranging from one to four years.

The Company applies the fair value recognition provisions of the authoritative guidance for stock compensation, which require companies to measure and recognize compensation expense for all stock-based payments at fair value.

Stock compensation expense relates to restricted stock units, as all stock options are fully vested and all associated compensation expense has been recognized in prior years. The total value of the restricted stock units is expensed ratably over the requisite service period of the employees receiving the awards.

Segment Information

The Company applies a "management" approach to disclosure of segment information. The management approach designates the internal organization that is used by management for making operating decisions and assessing performance as the basis of the Company's reportable segments. The description of the Company's reportable segments and the disclosure of segment information are presented in Note O.

Recently Adopted Accounting Guidance

In May 2011, the FASB issued Accounting Standards Update ("ASU") 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs," which amends ASC 820, "Fair Value Measurement." The amended guidance changes the wording used to describe many requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Additionally, the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. The guidance provided in ASU No. 2011-04 was effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The Company adopted the amendments of this ASU effective January 1, 2012, and the initial adoption of the amendments in this ASU did not have a material impact on the Company's consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, "Comprehensive Income (Topic 220)," which changes the presentation of comprehensive income. The amended guidance gives companies the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The guidance provided in ASU No. 2011-05 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The Company adopted the amendments of this ASU effective January 1, 2012, and the initial adoption of the amendments in this ASU did not have a material impact on the Company's consolidated financial statements.

In July 2011, the FASB issued ASU No. 2011-07 "Presentation and Disclosures of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities." The objective of this update is to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts. This update provides information to assist financial statement users in assessing an entity's sources of net patient service revenue and related changes in its allowance for doubtful accounts. The amendments require health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. The amendments in this update require certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The guidance provided in ASU No. 2011-07 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively. The provisions are effective for the Company's year ended December 31, 2012. The Company has determined that ASU No. 2011-07 has no impact on its consolidated financial statements.

In September 2011, FASB issued ASU 2011-08, "Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment," which provides entities the option to perform a qualitative assessment in order to determine whether additional quantitative impairment testing is necessary. This amendment was effective for reporting periods beginning after December 15, 2011. This amendment does not impact the quantitative testing methodology. The Company adopted this standard on January 1, 2012 and the initial adoption of the amendment in this ASU did not have a material impact on the Company's consolidated financial statements.

RELATED PARTY TRANSACTIONS (Details) (Foley & Lardner LLP, USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Foley & Lardner LLP			
Related Party Transactions			
Fees paid	$ 2.4	$ 2.6	$ 3.3

SIGNIFICANT ACCOUNTING POLICIES (Details 5) (USD $) In Thousands, unless otherwise specified	12 Months Ended		1 Months Ended
	Dec. 31, 2012	Dec. 31, 2010	Dec. 31, 2010 Interest Rate Swaps Term loans
Details of interest rate swap instruments			
Loss on termination of interest rate swaps recorded in consolidated income statement		$ (1,610)	$ (1,600)
Revenue Recognition			
Minimum period of receivable balances for which company-wide evaluation of its collectability is performed at least semi-annually (in days)	180 days		

INVENTORIES (Tables)	12 Months Ended Dec. 31, 2012

INVENTORIES

Schedule of inventory

(In thousands)	2012	2011
Raw materials	$41,372	$39,121
Work in process	56,931	43,954
Finished goods	28,992	29,230
	$127,295	$112,305

GOODWILL AND OTHER INTANGIBLE ASSETS (Tables)	12 Months Ended
	Dec. 31, 2012

GOODWILL AND OTHER INTANGIBLE ASSETS

Schedule of activity related to goodwill

(In thousands)	Patient Care	Distribution	Therapeutic Solutions	Total
Balance at December 31, 2010	$456,232	$38,388	$96,079	$590,699
Additions due to acquisitions	17,192	—	851	18,043
Contingent consideration(1)	742	—	—	742
Balance at December 31, 2011	$474,166	$38,388	$96,930	$609,484
Additions due to acquisitions	63,849	—	964	64,813
Contingent consideration(1)	477	—	—	477
Balance at December 31, 2012	$538,492	$38,388	$97,894	$674,774

(1) Contingent consideration relates to acquisitions completed prior to the adoption of ASC 805.

Schedule of activity related to intangible assets

(In thousands)	Customer Lists	Trade Name ACP	Patents and Other Intangibles	Total
Gross asset value				
As of December 31, 2010	$32,447	$9,070	$25,262	$66,779
Write-offs and other adjustments	—	—	147	147
Additions	2,436	—	692	3,128
As of December 31, 2011	34,883	9,070	26,101	70,054
Additions(1)	13,161	—	1,709	14,870
As of December 31, 2012	$48,044	$9,070	$27,810	$84,924
Accumulated Amortization				
As of December 31, 2010	$(1,942)	$—	$(8,458)	$(10,400)
Amortization expense	(2,706)	—	(2,054)	(4,760)
As of December 31, 2011	(4,648)	—	(10,512)	(15,160)

(1) The weighted average life of the additions to customer lists, patents and other intangibles is 9.7 years.

Schedule of estimated aggregate amortization expense for definite-lived intangible assets

(In thousands)	
2013	$6,778
2014	6,731
2015	6,676
2016	5,195
2017	4,720
Thereafter	25,111
	$55,211

INCOME TAXES (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Current:			
Federal	$ 32,394	$ 18,976	$ 10,766
State	6,386	2,242	2,121
Total Current	38,780	21,218	12,887
Deferred:			
Federal	(3,273)	6,242	384
State	(1,030)	2,197	368
Total Deferred	(4,303)	8,439	752
Provision for income taxes	$ 34,477	$ 29,657	$ 13,639
Reconciliation of the federal statutory tax rate to the Company's effective tax rate			
Federal statutory tax rate (as a percent)	35.00%	35.00%	35.00%
Increase (decrease) in taxes resulting from:			
State income taxes (net of federal effect) (as a percent)	4.30%	4.30%	5.70%
Domestic manufacturing deduction (as a percent)	(2.40%)	(2.00%)	(3.00%)
Adjustments to uncertain tax positions (as a percent)			(2.10%)
Non-deductible acquisition costs (as a percent)			2.30%
Other (as a percent)	(1.80%)	(2.00%)	1.60%
Provision for income taxes (as a percent)	35.10%	35.30%	39.50%

SIGNIFICANT ACCOUNTING POLICIES (Details 6) (USD $)	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Outline of investment in equipment leased to third parties under operating lease			
Program equipment	$ 297,264,000	$ 259,462,000	
Accumulated depreciation	(182,803,000)	(154,690,000)	
Total property, plant and equipment, net	114,461,000	104,772,000	
Depreciation expense related to property, plant and equipment	29,200,000	26,200,000	17,300,000
Repairs and Maintenance			
Repair and Maintenance	1,500,000	1,600,000	1,500,000
Furniture and fixtures			
Property, Plant and Equipment			
Estimated life (in years)	5		
Machinery and equipment			
Property, Plant and Equipment			
Estimated life (in years)	5		
Computers and software			
Property, Plant and Equipment			
Estimated life (in years)	5		
Buildings			
Property, Plant and Equipment			
Minimum estimated life (in years)	10		
Maximum estimated life (in years)	40		
Assets under capital leases			
Property, Plant and Equipment			
Maximum estimated life (in years)	10		
Leasehold improvements			
Property, Plant and Equipment			
Maximum estimated life (in years)	10		
Equipment leased to third parties under operating leases			
Property, Plant and Equipment			
Maximum estimated life (in years)	10		
Outline of investment in equipment leased to third parties under operating lease			
Program equipment	34,827,000		
Accumulated depreciation	(10,315,000)		
Total property, plant and equipment, net	$ 24,512,000		

LONG-TERM DEBT (Tables)	12 Months Ended Dec. 31, 2012

LONG-TERM DEBT

Schedule of long-term debt

(In thousands)	2012	2011
Revolving Credit Facility	$—	$—
Term Loan	293,300	297,000
$7^{1}/8$% Senior Notes due 2018	200,000	200,000
Subordinated seller notes, non-collateralized, net of unamortized discount with principal and interest payable in either monthly, quarterly or annual installments at effective interest rates ranging from 2.00% to 6.5%, maturing through November 2018	27,346	11,033
	520,646	508,033
Less current portion	(11,082)	(8,065)
	$509,564	$499,968

Schedule of maturities of long-term debt

(In thousands)	
2013	$11,082
2014	10,942
2015	10,473
2016	287,574
2017	200,575
Thereafter	—
	$520,646

NET INCOME PER COMMON SHARE (Tables)	12 Months Ended Dec. 31, 2012
NET INCOME PER COMMON SHARE	
Schedule of computation of basic and diluted earnings per share	

(In thousands, except share and per share data)	2012	2011	2010
Net income applicable to common stock	$63,692	$54,477	$20,896
Shares of common stock outstanding used to compute basic per common share amounts	34,282,591	33,544,813	32,238,401
Effect of dilutive restricted stock units and options	550,239	675,443	649,904
Shares used to compute diluted per common share amounts	34,832,830	34,220,256	32,888,305
Basic income per share applicable to common stock	$1.86	$1.62	$0.65
Diluted income per share applicable to common stock	$1.83	$1.59	$0.64

THE COMPANY	12 Months Ended Dec. 31, 2012
THE COMPANY	
THE COMPANY	**NOTE A—THE COMPANY** The goal of Hanger, Inc. (the "Company") is to be the world's premier provider of services and products that enhance human physical capabilities. The Company provides orthotic and prosthetic ("O&P") patient care services, distributes O&P devices and components, manages O&P networks, and provides therapeutic solutions to the broader post-acute market. Through its subsidiary, Hanger Prosthetics and Orthotics, Inc., which the Company refers to as "Hanger Clinic," the Company is the largest owner and operator of orthotic and prosthetic patient care clinics in the United States and, through its distribution subsidiary, Southern Prosthetic Supply ("SPS"), one of the largest distributors of O&P products in the United States. The Company operates in excess of 740 O&P patient care clinics located in 45 states and the District of Columbia and six strategically located distribution facilities. In addition to providing O&P services and products the Company, through its subsidiary, Linkia LLC ("Linkia"), manages an O&P provider network and develops programs to manage all aspects of O&P patient care for insurance companies. The Company provides therapeutic solutions through its subsidiaries Innovative Neurotronics and Accelerated Care Plus Corp. Innovative Neurotronics ("IN, Inc.") introduces emerging neuromuscular technologies developed through independent research in a collaborative effort with industry suppliers worldwide. Accelerated Care Plus Corp. ("ACP") is a developer of specialized rehabilitation technologies and a leading provider of evidence-based clinical programs for post-acute rehabilitation serving more than 4,550 long-term care facilities and other sub-acute rehabilitation providers throughout the U.S.

INCOME TAXES (Tables)

12 Months Ended Dec. 31, 2012

INCOME TAXES

Schedule of components of income tax expense attributable to continuing operations

(In thousands)	2012	2011	2010
Current:			
Federal	$32,394	$18,976	$10,766
State	6,386	2,242	2,121
Total Current	38,780	21,218	12,887
Deferred:			
Federal	(3,273)	6,242	384
State	(1,030)	2,197	368
Total Deferred	(4,303)	8,439	752
Provision for income taxes	$34,477	$29,657	$13,639

Schedule of reconciliation of the federal statutory tax rate to the Company's effective tax rate

	2012	2011	2010
Federal statutory tax rate	35.0 %	35.0 %	35.0 %
Increase (decrease) in taxes resulting from:			
State income taxes (net of federal effect)	4.3	4.3	5.7
Domestic manufacturing deduction	(2.4)	(2.0)	(3.0)
Adjustments to uncertain tax positions	—	—	(2.1)
Non-deductible acquisition costs	—	—	2.3
Other	(1.8)	(2.0)	1.6
Provision for income taxes	35.1 %	35.3 %	39.5 %

Schedule of net deferred income tax liability (asset)

(In thousands)	2012	2011
Deferred tax liabilities:		
Goodwill amortization	$63,405	$58,423
Property, plant and equipment	3,339	6,011
Acquired intangibles	18,062	18,091
Debt issuance costs	1,600	2,446
Tax accounting method changes	1,278	2,626
Other	4,511	1,578
	92,195	89,175
Deferred tax assets:		
Net operating loss carryforwards	4,943	5,499
Accrued expenses	15,573	11,870
Deferred benefit plan compensation	8,363	7,693
Provision for doubtful accounts	7,911	5,756
Inventory capitalization and reserves	2,408	2,247
Restricted stock	2,182	1,947
Deferred rent	1,432	1,282
Other	557	594
	43,369	36,888
Valuation allowance	(1,219)	(1,374)

Summary of reconciliation of the beginning and ending balances of unrecognized tax benefits

(In thousands)	2012	2011	2010
Unrecognized tax benefits, at beginning of the year	$230	$420	$1,709
Additions for tax positions related to the current year	107	—	107
Additions for tax positions of prior years	79	—	—
Decrease related to prior year positions	—	(190)	(672)
Decrease for lapse of applicable statute of limitations	(39)	—	(724)
Unrecognized tax benefits, at end of the year	$377	$230	$420

SIGNIFICANT ACCOUNTING POLICIES (Details 2) (USD $)	Dec. 31, 2012	Oct. 31, 2012	Dec. 31, 2011	Oct. 31, 2011	Oct. 31, 2010
Restricted Cash					
Restricted cash to eliminate letters of credit obligations	$ 3,120,000				
Patient-Care					
Inventories					
Raw materials and work-in-process	96,600,000		81,000,000		
Increase (decrease) in physical inventory		$ 500,000		$ (2,300,000)	$ 1,000,000

LONG-TERM DEBT (Details) (USD $)	3 Months Ended	12 Months Ended											1 Months Ended	3 Months Ended	12 Months Ended			3 Months Ended			12 Months Ended		3 Months Ended		
	Dec. 31, 2010	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2012 On or prior to November 15, 2013	Dec. 31, 2012 On or after November 15, 2014 D	Dec. 31, 2012 Twelve month period beginning November 15, 2014	Dec. 31, 2012 Twelve month period beginning November 15, 2015	Dec. 31, 2012 Period beginning November 15, 2016 and thereafter through November 15, 2018	Dec. 31, 2012 Revolving Credit Facility	Dec. 31, 2010 Revolving Credit Facility	Dec. 31, 2012 Standby letters of credit	Mar. 31, 2011 Term Loan	Dec. 31, 2010 Term Loan	Dec. 31, 2012 Term Loan	Dec. 31, 2011 Term Loan	Mar. 11, 2011 Term Loan	Dec. 31, 2010 7.125% Senior Notes due 2018	Dec. 31, 2012 7.125% Senior Notes due 2018	Dec. 31, 2011 7.125% Senior Notes due 2018	Dec. 31, 2012 Subordinated seller notes, non-collateralized, net of unamortized discount with principal and interest payable in either monthly, quarterly or annual installments at effective interest rates ranging from 2.00% to 6.5%, maturing through November 2018	Dec. 31, 2011 Subordinated seller notes, non-collateralized, net of unamortized discount with principal and interest payable in either monthly, quarterly or annual installments at effective interest rates ranging from 2.00% to 6.5%, maturing through November 2018	Dec. 31, 2010 Prior Term Loan Facility	Dec. 31, 2010 10.25% Senior Notes due 2014	Dec. 31, 2012 10.25% Senior Notes due 2014
Long-Term Debt																									
Long-term debt		$ 520,646,000	$ 508,033,000												$ 293,300,000	$ 297,000,000			$ 200,000,000	$ 200,000,000	$ 27,346,000	$ 11,033,000			
Issuance of debt														300,000,000	300,000,000			200,000,000							
Less current portion		(11,082,000)	(8,065,000)																						
Long-term debt, less current portion		509,564,000	499,968,000																						
Interest rate stated percentage																			7.125%						10.25%
Interest rate, minimum (as a percent)																					2.00%				
Interest rate, maximum (as a percent)																					6.50%				
Maximum borrowing capacity										100,000,000	100,000,000														
Charge related to the early extinguishment of senior debt	14,000,000			13,985,000																					
Premium paid to debt holders	9,800,000																								
Write-off of debt issuance cost	4,200,000																								
Mandatory prepayment															700,000										
Interest, base rate										LIBOR			LIBOR		LIBOR										
Interest rate margin (as a percent)										3.25%					3.00%		3.00%								
LIBOR floor applicable to term loans under Credit Agreement, prior to amendment (as a percent)																	1.50%								
Amount paid back under the facility		3,700,000	3,000,000	221,956,000																			220,300,000		
LIBOR floor applicable to term loans under Credit Agreement (as a percent)															1.00%		1.00%								
Fees related to the amendment of the credit agreement	16,976,000												4,100,000												
Reduction in the interest rate margin applicable to the Term Loan prior to amendment (as a percent)																	0.75%								
Consolidated interest coverage ratio, minimum										3.50															
Consolidated interest coverage ratio, maximum										4.00															
Proceeds from debt issuance allocated to partially funding an acquisition	78,200,000																								
Interest rate (as a percent)															4.00%										
Maximum annual capital expenditure as a percentage of consolidated net revenue of preceding fiscal year										7.50%															
Maximum percentage of the aggregate principal amount up to which the notes may be redeemed					35.00%																				
Minimum notice period that the entity must provide for the redemption of the debt instrument (in days)						30																			
Maximum notice period that the entity must provide for the redemption of the debt instrument (in days)						60																			
Additional maximum rollover from prior year's capital expenditure allowance										15,000,000															
Balance available under the credit facility										99,500,000		500,000													
Percentage of the aggregate principal amount at which the notes may be redeemed					107.125%		103.563%	101.781%	100.00%																
Retirement of debt				184,831,000																				184,800,000	
Maturities of long-term debt																									
2013		11,082,000																							
2014		10,942,000																							
2015		10,473,000																							
2016		287,574,000																							
2017		200,575,000																							
Total		$ 520,646,000	$ 508,033,000												$ 293,300,000	$ 297,000,000			$ 200,000,000	$ 200,000,000	$ 27,346,000	$ 11,033,000			

CONSOLIDATED BALANCE SHEETS (USD $) In Thousands, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
CURRENT ASSETS		
Cash and cash equivalents	$ 19,211	$ 42,896
Restricted Cash	3,120	
Accounts receivable, less allowance for doubtful accounts of $21,379 and $22,028 in 2012 and 2011, respectively	165,668	138,826
Inventories	127,295	112,305
Prepaid expenses, other current assets and income taxes receivable	15,673	17,015
Deferred income taxes	27,685	20,648
Total current assets	358,652	331,690
PROPERTY, PLANT AND EQUIPMENT		
Land	794	794
Buildings	8,896	4,400
Furniture and fixtures	19,582	17,281
Machinery and equipment	60,364	56,137
Equipment leased to third parties under operating leases	34,827	33,830
Leasehold improvements	74,615	65,245
Computer and software	98,186	81,775
Total property, plant and equipment, gross	297,264	259,462
Less accumulated depreciation and amortization	182,803	154,690
Total property, plant and equipment, net	114,461	104,772
INTANGIBLE ASSETS		
Goodwill	674,774	609,484
Patents and other intangible assets, less accumulated amortization of $20,643 and $15,160 in 2012 and 2011, respectively	64,281	54,894
Total intangible assets, net	739,055	664,378
OTHER ASSETS		
Debt issuance costs, net	14,033	17,485
Other assets	11,126	8,394
Total other assets	25,159	25,879
TOTAL ASSETS	1,237,327	1,126,719
CURRENT LIABILITIES		
Current portion of long-term debt	11,082	8,065
Accounts payable	28,923	26,561
Accrued expenses	22,357	17,547
Accrued interest payable	3,041	3,040
Accrued compensation related costs	41,784	35,829
Total current liabilities	107,187	91,042
LONG-TERM LIABILITIES		
Long-term debt, less current portion	509,564	499,968

Deferred income taxes	77,730	74,309
Other liabilities	39,752	32,818
Total liabilities	734,233	698,137
COMMITMENTS AND CONTINGENCIES (Note H)		
SHAREHOLDERS' EQUITY		
Common stock, $.01 par value; 60,000,000 shares authorized, 35,617,884 shares and 35,127,230 shares issued and outstanding in 2012 and 2011, respectively	356	351
Additional paid-in capital	280,084	268,535
Accumulated other comprehensive loss	(1,919)	(1,185)
Retained earnings	225,229	161,537
Shareholders' equity, excluding treasury stock	503,750	429,238
Treasury stock at cost (141,154 shares)	(656)	(656)
Total shareholders' equity	503,094	428,582
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,237,327	$ 1,126,719

SIGNIFICANT ACCOUNTING POLICIES (Details 7) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Marketing			
Marketing costs, including advertising	$ 4.2	$ 3.9	$ 4.3
Non-compete agreements			
Goodwill and Other Intangible Assets			
Minimum useful life of identified intangible asset (in years)	5		
Maximum useful life of identified intangible asset (in years)	7		
Other definite-lived intangible assets			
Goodwill and Other Intangible Assets			
Maximum useful life of identified intangible asset (in years)	20		

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (USD $) In Thousands, except Share data, unless otherwise specified	Total	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock
Balance at Dec. 31, 2009	$ 315,893	$ 330	$ 233,111	$ (3,056)	$ 86,164	$ (656)
Balance (in shares) at Dec. 31, 2009		32,992,000				
Increase (Decrease) in Shareholders' Equity						
Net income	20,896				20,896	
Other comprehensive income (loss)	2,777			2,777		
Issuance of Common Stock in connection with the exercise of stock options	5,027	4	5,023			
Issuance of Common Stock in connection with the exercise of stock options (in shares)		374,000				
Proceeds from sale of stock	7,356	5	7,351			
Proceeds from sale of stock (in shares)		488,000				
Forfeiture of restricted stock units (in shares)		(33,000)				
Issuance of restricted stock units		5	(5)			
Issuance of restricted stock units (in shares)		531,000				
Stock-based compensation expense	9,597		9,597			
Tax benefit associated with vesting of restricted stock units	2,342		2,342			
Balance at Dec. 31, 2010	363,888	344	257,419	(279)	107,060	(656)
Balance (in shares) at Dec. 31, 2010		34,352,000				
Increase (Decrease) in Shareholders' Equity						
Net income	54,477				54,477	
Other comprehensive income (loss)	(906)			(906)		
Issuance of Common Stock in connection with the exercise of stock options	2,680	4	2,676			
Issuance of Common Stock in connection with the exercise of stock options (in shares)		417,000				
Forfeiture of restricted stock units		(1)	1			

Forfeiture of restricted stock units (in shares)		(63,000)				
Issuance of restricted stock units		5	(5)			
Issuance of restricted stock units (in shares)		548,000				
Purchase and retirement of common stock	(2,107)	(1)	(2,106)			
Purchase and retirement of common stock (in shares)		(127,000)				
Stock-based compensation expense	8,088		8,088			
Tax benefit associated with vesting of restricted stock units	2,462		2,462			
Balance at Dec. 31, 2011	428,582	351	268,535	(1,185)	161,537	(656)
Balance (in shares) at Dec. 31, 2011		35,127,000				
Increase (Decrease) in Shareholders' Equity						
Net income	63,692				63,692	
Other comprehensive income (loss)	(734)			(734)		
Issuance of Common Stock in connection with the exercise of stock options	3,560	3	3,557			
Issuance of Common Stock in connection with the exercise of stock options (in shares)		239,000				
Forfeiture of restricted stock units		(2)	2			
Forfeiture of restricted stock units (in shares)		(231,000)				
Issuance of restricted stock units		5	(5)			
Issuance of restricted stock units (in shares)		532,000				
Purchase and retirement of common stock	(1,350)	(1)	(1,349)			
Purchase and retirement of common stock (in shares)		(49,000)				
Stock-based compensation expense	8,061		8,061			
Tax benefit associated with vesting of restricted stock units	1,283		1,283			
Balance at Dec. 31, 2012	$ 503,094	$ 356	$ 280,084	$ (1,919)	$ 225,229	$ (656)
Balance (in shares) at Dec. 31, 2012		35,618,000				

STOCK-BASED COMPENSATION (Details) (USD $)				12 Months Ended							12 Months Ended										12 Months Ended					
	Dec. 31, 2012	Dec. 31, 2010	May 13, 2010	Dec. 31, 2012 2010 Omnibus Incentive Plan	Dec. 31, 2010 2010 Omnibus Incentive Plan	May 13, 2010 2010 Omnibus Incentive Plan	May 13, 2010 2002 Stock Incentive and Bonus Plan and 2003 Non-Employee Directors' Stock Incentive Plan	Dec. 31, 2012 Restricted Stock Units Y	Dec. 31, 2011 Restricted Stock Units	Dec. 31, 2010 Restricted Stock Units	Dec. 31, 2012 Restricted Stock Units Employee Awards	Dec. 31, 2011 Restricted Stock Units Employee Awards	Dec. 31, 2010 Restricted Stock Units Employee Awards	Dec. 31, 2012 Restricted Stock Units Director Awards	Dec. 31, 2011 Restricted Stock Units Director Awards	Dec. 31, 2010 Restricted Stock Units Director Awards	Dec. 31, 2012 Stock options Y	Dec. 31, 2011 Stock options Y	Dec. 31, 2012 Stock options Employee Awards Y	Dec. 31, 2010 Stock options Employee Awards	Dec. 31, 2011 Stock options Employee Awards	Dec. 31, 2012 Stock options Director Awards Y	Dec. 31, 2011 Stock options Director Awards	Dec. 31, 2010 Stock options Director Awards	Dec. 31, 2011 Stock options Non-Qualified Awards	Dec. 31, 2010 Stock options Non-Qualified Awards
Stock Based Compensation																										
Shares of common stock authorized for issuance under the share-based compensation plan			2,500,000			2,000,000	500,000																			
Shares of common stock authorized for issuance pursuant to the exercise of incentive stock options		1,500,000																								
Plan expiration unless earlier terminated by the Board of Directors					10 years																					
Shares of common stock issued under the Plan				1,200,000																						
Number of authorized shares canceled	200,000																									
Number of shares of available for future issuance	1,500,000																									
Unrecognized share-based compensation cost related to unvested stock								$ 12,700,000																		
Period over which unrecognized share-based compensation cost will be expensed								4 years																		
Share- based compensation cost								8,100,000	8,100,000	7,500,000																
The weighted average period over which unrecognized share-based compensation cost will be expensed (in years)								2																		
Shares																										
Nonvested at the beginning of the period (in shares)											893,523	808,071	986,461	115,918	133,754	129,123										
Granted (in shares)											468,500	487,620	454,950	63,497	59,698	75,710										
Shares fully vested								376,986	436,600		318,927	374,067	585,228	58,059	62,533	71,079										
Forfeited (in shares)											(231,537)	(28,101)	(48,112)		(15,001)											
Nonvested at the end of the period (in shares)											811,559	893,523	808,071	121,356	115,918	133,754										
Intrinsic value of options exercised																	3,600,000	2,700,000								
Options exercisable (in shares)																	200,000	500,000								
Weighted average exercise price of options exercisable (in dollars per share)																	$ 11.72	$ 13.36								
Average remaining contractual term of options exercisable (in years)																	1.0	1.7								
Aggregate intrinsic value of exercisable options																	2,600,000	6,200,000								
Cash received related to exercise of options																	3,600,000	2,700,000								
Weighted Average Grant Date Fair Value																										
Nonvested at the beginning of the period (in dollars per share)											$ 21.84	$ 16.33	$ 12.29	$ 21.12	$ 16.38	$ 13.21										
Granted (in dollars per share)											$ 20.47	$ 25.25	$ 18.45	$ 22.35	$ 25.72	$ 18.48										
Vested (in dollars per share)											$ 20.17	$ 14.61	$ 11.36	$ 19.34	$ 15.46	$ 12.86										
Forfeited (in dollars per share)											$ 21.26	$ 19.17	$ 13.99		$ 20.80											
Nonvested at the end of the period (in dollars per share)											$ 21.76	$ 21.84	$ 16.33	$ 22.62	$ 21.12	$ 16.38										
Intrinsic value of shares fully vested during the period								7,600,000	6,400,000																	
Value of grants during the period								11,000,000	13,300,000																	
Shares																										
Outstanding at the beginning of the period (in shares)																			434,500	764,332		28,259	80,091	95,464	376,000	406,000
Terminated (in shares)																			(1,500)	(1,500)			(10,373)			
Exercised (in shares)																			(230,000)	(328,332)		(9,404)	(41,459)	(15,373)	(376,000)	(30,000)
Outstanding at the end of the period (in shares)																			203,000	434,500		18,855	28,259	80,091		376,000
Weighted Average Exercise Price																										
Outstanding at the beginning of the period (in dollars per share)																			$ 13.45	$ 13.74		$ 11.99	$ 11.08	$ 11.46	$ 5.98	$ 5.95
Terminated (in dollars per share)																			$ 15.60	$ 4.63			$ 10.79			
Exercised (in dollars per share)																			$ 14.82	$ 14.16		$ 16.04	$ 10.38	$ 13.82	$ 5.98	$ 5.50
Outstanding at the end of the period (in dollars per share)																			$ 11.88	$ 13.45		$ 10.02	$ 11.99	$ 11.08		$ 5.98
Aggregate intrinsic value																			$ 2,411,300			$ 189,003				
Weighted average remaining contractual term (in years)																			1.0			1.0				
Summary of options vested and exercisable																										
Options vested and exercisable (in shares)																			203,000	434,500	434,500	18,855	28,259	80,091		376,000

LEASES (Tables)	12 Months Ended Dec. 31, 2012
LEASES	
Schedule of future minimum rental payments, by year and in the aggregate, under operating leases	

(In thousands)	
2013	$45,081
2014	36,583
2015	26,253
2016	19,397
2017	14,031
Thereafter	30,014
	$171,359

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Allowance for doubtful accounts			
Movement in reserves			
Balance at beginning of year	$ 22,028	$ 16,686	$ 10,526
Additions Charged to Costs and Expenses	19,773	22,101	20,276
Write-offs	20,422	16,759	14,116
Balance at end of year	21,379	22,028	16,686
Deferred tax asset			
Movement in reserves			
Balance at beginning of year	1,374	828	11,359
Generated	12	547	23
Utilized/Released	167	1	10,554
Balance at end of year	$ 1,219	$ 1,374	$ 828

SEGMENT AND RELATED INFORMATION	12 Months Ended Dec. 31, 2012
SEGMENT AND RELATED INFORMATION	
SEGMENT AND RELATED INFORMATION	

NOTE O—SEGMENT AND RELATED INFORMATION

The Company has identified three reportable segments in which it operates based on the products and services it provides. The Company evaluates segment performance and allocates resources based on the segments' income from operations. The reportable segments are: (i) Patient Care (ii) Distribution, and (iii) Therapeutic Solutions. The reportable segments are described further below:

Patient Care—This segment consists of the Company's owned and operated patient care clinics and fabrication centers of O&P components. The patient care clinics provide services to design and fit O&P devices to patients. These clinics also instruct patients in the use, care and maintenance of the devices. Fabrication centers are involved in the fabrication of O&P components for both the O&P industry and the Company's own patient care clinics. The principal reimbursement sources for the Company's services are:

- Commercial and other, which consist of individuals, rehabilitation providers, private insurance companies, HMOs, PPOs, hospitals, vocational rehabilitation, workers' compensation programs and similar sources;
- Medicare, a federally funded health insurance program providing health insurance coverage for persons aged 65 or older and certain disabled persons, which provides reimbursement for O&P products and services based on prices set forth in fee schedules for 10 regional service areas;
- Medicaid, a health insurance program jointly funded by federal and state governments providing health insurance coverage for certain persons in financial need, regardless of age, which may supplement Medicare benefits for financially needy persons aged 65 or older; and
- U.S. Department of Veterans Affairs.

The Company estimates that government reimbursement, comprised of Medicare, Medicaid and the U.S. Department of Veterans Affairs, in the aggregate, accounted for approximately 40.4%, 40.0%, and 40.4% of the Company's net sales in 2012, 2011, and 2010, respectively.

Distribution—This segment distributes O&P products and components to both the O&P industry and the Company's own patient care clinics.

Therapeutic Solutions—This segment consists of the leasing of rehabilitation equipment from, and the provision of clinical program by, ACP as well the operations of IN, Inc. ACP is a developer of specialized rehabilitation technologies and provides evidence-based clinical programs for post-acute rehabilitation. IN, Inc. specializes in bringing emerging MyoOrthotics Technologies® to the O&P market. MyoOrthotics Technologies represents the merging of orthotic technologies with electrical stimulation.

Other—This consists of Hanger corporate and Linkia. Linkia is a national managed-care agent for O&P services and a patient referral clearing house.

The accounting policies of the segments are the same as those described in the summary of "Significant Accounting Policies" in Note B to the consolidated financial statements.

Summarized financial information concerning the Company's reportable segments is shown in the following table. Intersegment sales mainly include sales of O&P components from the Distribution segment to the Patient Care segment and were made at prices which approximate market values. The Patient Care segment results below are revised as described in footnote B.

(In thousands)	Patient Care	Distribution	Therapeutic Solutions	Other	Consolidating Adjustments	Total
2012						
Net sales						
Customers	$813,556	$107,266	$63,921	$807	$—	$985,550

Intersegments	17,621	191,202	3,902	—	(212,725)	—
Depreciation and amortization	14,307	1,139	11,232	7,974	—	34,652
Income (loss) from operations	149,544	34,178	4,182	(57,500)	(1,066)	129,338
Interest (income) expense	30,353	3,294	5,743	(8,221)	—	31,169
Income (loss) before taxes	119,191	30,884	(1,561)	(49,279)	(1,066)	98,169
Total assets	1,423,258	199,268	135,786	(520,985)	—	1,237,327
Capital expenditures	15,311	438	3,948	13,466	—	33,163
2011						
Net sales						
Customers	$753,409	$100,456	$64,014	$660	$—	$918,539
Intersegments	15,853	174,431	3,520	—	(193,804)	—
Depreciation and amortization	12,502	1,088	10,424	7,068	(113)	30,969
Income (loss) from operations	138,918	28,293	3,703	(54,654)	(305)	115,955
Interest (income) expense	28,440	3,356	5,761	(5,736)	—	31,821
Income (loss) before taxes	110,478	24,937	(2,058)	(48,918)	(305)	84,134
Total assets	1,277,700	170,077	135,781	(456,839)	—	1,126,719
Capital expenditures	11,886	1,318	4,217	11,253	—	28,674
2010						
Net sales						
Customers	$714,665	$95,544	$6,622	$548	$—	$817,379
Intersegments	—	168,823	3,839	—	(172,662)	—
Depreciation and amortization	11,211	1,004	1,293	5,414	(113)	18,809
Income (loss) from operations	130,521	30,395	(5,402)	(75,023)	(21)	80,470
Interest (income) expense	28,410	3,397	480	(1,947)	—	30,340
Income (loss) before taxes	102,111	26,998	(5,882)	(88,671)	(21)	34,535
Total assets	1,053,361	146,166	142,970	(281,927)	—	1,060,570
Capital expenditures	17,599	1,112	2,056	9,826	—	30,593

The Company's foreign and export sales and assets located outside of the United States of America are not significant. Additionally, no single customer accounted for more than 10% of revenues in 2012, 2011, or 2010.

SEGMENT AND RELATED INFORMATION (Tables)

SEGMENT AND RELATED INFORMATION

Summarized financial information concerning the Company's reportable segments

12 Months Ended Dec. 31, 2012

(In thousands)	Patient Care	Distribution	Therapeutic Solutions	Other	Consolidating Adjustments	Total
2012						
Net sales						
Customers	$813,556	$107,266	$63,921	$807	$—	$985,550
Intersegments	17,621	191,202	3,902	—	(212,725)	—
Depreciation and amortization	14,307	1,139	11,232	7,974	—	34,652
Income (loss) from operations	149,544	34,178	4,182	(57,500)	(1,066)	129,338
Interest (income) expense	30,353	3,294	5,743	(8,221)	—	31,169
Income (loss) before taxes	119,191	30,884	(1,561)	(49,279)	(1,066)	98,169
Total assets	1,423,258	199,268	135,786	(520,985)	—	1,237,327
Capital expenditures	15,311	438	3,948	13,466	—	33,163
2011						
Net sales						
Customers	$753,409	$100,456	$64,014	$660	$—	$918,539
Intersegments	15,853	174,431	3,520	—	(193,804)	—
Depreciation and amortization	12,502	1,088	10,424	7,068	(113)	30,969
Income (loss) from operations	138,918	28,293	3,703	(54,654)	(305)	115,955
Interest (income) expense	28,440	3,356	5,761	(5,736)	—	31,821
Income (loss) before taxes	110,478	24,937	(2,058)	(48,918)	(305)	84,134
Total assets	1,277,700	170,077	135,781	(456,839)	—	1,126,719
Capital expenditures	11,886	1,318	4,217	11,253	—	28,674
2010						
Net sales						
Customers	$714,665	$95,544	$6,622	$548	$—	$817,379
Intersegments	—	168,823	3,839	—	(172,662)	—
Depreciation and amortization	11,211	1,004	1,293	5,414	(113)	18,809
Income (loss) from operations	130,521	30,395	(5,402)	(75,023)	(21)	80,470
Interest (income) expense	28,410	3,397	480	(1,947)	—	30,340
Income (loss) before taxes	102,111	26,998	(5,882)	(88,671)	(21)	34,535
Total assets	1,053,361	146,166	142,970	(281,927)	—	1,060,570
Capital expenditures	17,599	1,112	2,056	9,826	—	30,593

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS	12 Months Ended Dec. 31, 2012

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

HANGER, INC.
SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS

Year	Classification	Balance at beginning of year	Additions Charged to Costs and Expenses	Write-offs	Balance at end of year
(In thousands)					
2012	Allowance for doubtful accounts	$22,028	$19,773	$20,422	$21,379
2011	Allowance for doubtful accounts	$16,686	$22,101	$16,759	$22,028
2010	Allowance for doubtful accounts	$10,526	$20,276	$14,116	$16,686

Year	Classification	Balance at beginning of year	Generated	Utilized/ Released	Balance at end of year
(In thousands)					
2012	Deferred tax asset valuation allowance	$1,374	$12	$167	$1,219
2011	Deferred tax asset valuation allowance	$828	$547	$1	$1,374
2010	Deferred tax asset valuation allowance	$11,359	$23	$10,554	$828

CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Cash flows from operating activities:			
Net income	$ 63,692	$ 54,477	$ 20,896
Adjustments to reconcile net income to net cash provided by operating activities:			
Extinguishment of debt			13,985
Loss (gain) on interest rate swap and disposal of auction rate securities			1,798
Loss on disposals of assets	64	7	828
Reduction of seller notes and earnouts	(993)	(541)	
Provision for doubtful accounts	19,773	24,837	20,276
Provision (benefit) for deferred income taxes	(4,303)	8,439	752
Depreciation and amortization	34,652	30,969	18,809
Amortization of debt issuance costs	3,452	3,334	1,893
Compensation expense on stock options and restricted stock	8,061	8,088	9,596
Changes in operating assets and liabilities, net of effects of acquired companies:			
Accounts receivable	(40,443)	(42,024)	(31,041)
Inventories	(12,827)	(14,072)	(4,522)
Prepaid expenses, other current assets, and income taxes	3,867	796	(9,590)
Accounts payable	(2,114)	(5,902)	(190)
Accrued expenses, accrued interest payable	3,501	(1,424)	5,299
Accrued compensation related costs	4,348	(7,404)	5,599
Other	589	2,224	(188)
Net cash provided by operating activities	81,319	61,804	54,200
Cash flows from investing activities:			
Purchase of property, plant and equipment (net of acquisitions)	(29,492)	(25,300)	(30,593)
Purchase of equipment leased to third parties under operating leases	(3,671)	(3,374)	
Acquisitions and contingent considerations (net of cash acquired)	(62,500)	(14,842)	(162,250)
Restricted cash	(3,120)		
Proceeds from sale of marketable securities			6,495
Purchase of company-owned life insurance investment	(2,000)	(4,000)	
Proceeds from sale of property, plant and equipment	1,732	646	373
Net cash used in investing activities	(99,051)	(46,870)	(185,975)
Cash flows from financing activities:			
Borrowings under revolving credit agreement		10,000	
Repayments under revolving credit agreement		(10,000)	
Repayment of term loan	(3,700)	(3,000)	(221,956)
Scheduled repayment of seller's notes	(5,255)	(4,151)	(3,810)
Repayment of capital lease obligations	(713)		
Repayment of senior notes due 2014			(184,831)

Proceeds on senior notes due 2018			200,000
Proceeds on term loan			300,000
Deferred financing costs		(4,230)	(16,976)
Repayment of line of credit			(3,628)
Excess tax benefit from stock-based compensation	1,505	2,462	2,342
Proceeds from issuance of common stock	3,560	2,680	12,384
Purchase and retirement of common stock	(1,350)	(2,107)	
Net cash (used in) provided by financing activities	(5,953)	(8,346)	83,525
Increase (decrease) in cash and cash equivalents	(23,685)	6,588	(48,250)
Cash and cash equivalents, at beginning of year	42,896	36,308	84,558
Cash and cash equivalents, at end of year	$ 19,211	$ 42,896	$ 36,308

CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD $) In Thousands, except Share data, unless otherwise specified	Dec. 31, 2012	Dec. 31, 2011
CONSOLIDATED BALANCE SHEETS		
Accounts receivable, allowance for doubtful accounts (in dollars)	$ 21,379	$ 22,028
Patents and other intangible assets, accumulated amortization (in dollars)	$ 20,643	$ 15,160
Common stock, par value (in dollars per share)	$ 0.01	$ 0.01
Common stock, shares authorized	60,000,000	60,000,000
Common stock, shares issued	35,617,884	35,127,230
Common stock, shares outstanding	35,617,884	35,127,230
Treasury stock, shares	141,154	141,154

INCOME TAXES

12 Months Ended Dec. 31, 2012

INCOME TAXES

INCOME TAXES

NOTE J—INCOME TAXES

Components of income tax expense attributable to continuing operations are as follows:

(In thousands)	2012	2011	2010
Current:			
Federal	$32,394	$18,976	$10,766
State	6,386	2,242	2,121
Total Current	38,780	21,218	12,887
Deferred:			
Federal	(3,273)	6,242	384
State	(1,030)	2,197	368
Total Deferred	(4,303)	8,439	752
Provision for income taxes	$34,477	$29,657	$13,639

A reconciliation of the federal statutory tax rate to the Company's effective tax rate is as follows:

	2012	2011	2010
Federal statutory tax rate	35.0 %	35.0 %	35.0 %
Increase (decrease) in taxes resulting from:			
State income taxes (net of federal effect)	4.3	4.3	5.7
Domestic manufacturing deduction	(2.4)	(2.0)	(3.0)
Adjustments to uncertain tax positions	—	—	(2.1)
Non-deductible acquisition costs	—	—	2.3
Other	(1.8)	(2.0)	1.6
Provision for income taxes	35.1 %	35.3 %	39.5 %

The significant components of the net deferred income tax liability (asset) were as follows at December 31:

(In thousands)	2012	2011
Deferred tax liabilities:		
Goodwill amortization	$63,405	$58,423
Property, plant and equipment	3,339	6,011
Acquired intangibles	18,062	18,091
Debt issuance costs	1,600	2,446
Tax accounting method changes	1,278	2,626
Other	4,511	1,578
	92,195	89,175
Deferred tax assets:		
Net operating loss carryforwards	4,943	5,499
Accrued expenses	15,573	11,870
Deferred benefit plan compensation	8,363	7,693
Provision for doubtful accounts	7,911	5,756
Inventory capitalization and reserves	2,408	2,247
Restricted stock	2,182	1,947
Deferred rent	1,432	1,282
Other	557	594
	43,369	36,888
Valuation allowance	(1,219)	(1,374)
	42,150	35,514
Net deferred tax liabilities	$50,045	$53,661

At December 31, 2012 and 2011, the Company had accumulated federal net operating loss carryforwards of $7.0 million, and $7.1 million, respectively, and state net operating loss carryforwards of $49.7 million and $59.0 million, respectively. The federal net operating loss carryforwards expire from 2025 through 2029, and the state net operating loss carryforwards for significant taxing jurisdictions expire from 2022 through 2028. Utilization of the acquired carryforwards is subject to limitations due to ownership changes that may delay the utilization of a portion of the acquired carryforwards.

The Company establishes valuation allowances when necessary to reduce deferred tax assets to amounts expected to be realized. As of December 31, 2012 and 2011, the Company recorded a valuation allowance of $1.2 million and $1.4 million, respectively, related to state loss carryforwards, which are expected to expire before utilization.

A reconciliation of the beginning and ending balances of unrecognized tax benefits is as follows:

(In thousands)	2012	2011	2010
Unrecognized tax benefits, at beginning of the year	$230	$420	$1,709
Additions for tax positions related to the current year	107	—	107
Additions for tax positions of prior years	79	—	—
Decrease related to prior year positions	—	(190)	(672)
Decrease for lapse of applicable statute of limitations	(39)	—	(724)
Unrecognized tax benefits, at end of the year	$377	$230	$420

As of December 31, 2012, the total amount of unrecognized tax benefits, if recognized, that would affect the effective tax rate is $0.1 million. At December 31, 2012, there were no unrecognized tax benefits that the Company expects would change significantly over the next 12 months.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of December 31, 2012, 2011, and 2010, the amount of accrued interest and penalties was immaterial. The amount of interest and penalties recognized in all periods presented was immaterial.

The Company is subject to income tax in U.S. federal, state and local jurisdictions. The Company is no longer subject to U.S. Federal income tax examinations for years before 2009, and with few exceptions, is no longer subject to state and local income tax examinations by tax authorities for years before 2008. However, due to acquired net operating losses, tax authorities have the ability to adjust those net operating losses related to closed years.

Document and Entity Information (USD $)	12 Months Ended Dec. 31, 2012	Mar. 14, 2013	Jun. 30, 2012
Document and Entity Information			
Entity Registrant Name	HANGER, INC.		
Entity Central Index Key	0000722723		
Document Type	10-K		
Document Period End Date	Dec. 31, 2012		
Amendment Flag	false		
Current Fiscal Year End Date	--12-31		
Entity Well-known Seasoned Issuer	Yes		
Entity Voluntary Filers	No		
Entity Current Reporting Status	Yes		
Entity Filer Category	Large Accelerated Filer		
Entity Public Float			$ 910,325,124
Entity Common Stock, Shares Outstanding		34,513,913	
Document Fiscal Year Focus	2012		
Document Fiscal Period Focus	FY		

EMPLOYEE BENEFITS

12 Months Ended
Dec. 31, 2012

EMPLOYEE BENEFITS

EMPLOYEE BENEFITS

NOTE K—EMPLOYEE BENEFITS

Savings Plan

The Company maintains a 401(k) Savings and Retirement plan that covers all of the employees of the Company. Under this 401(k) plan, employees may defer such amounts of their compensation up to the levels permitted by the Internal Revenue Service. The Company recorded matching contributions of $4.2 million, $3.9 million, and $3.5 million under this plan during 2012, 2011 and 2010, respectively.

Supplemental Executive Retirement Plan

Effective January 2004, the Company implemented an unfunded noncontributory defined benefit plan (the "Plan") for certain senior executives. The Company has engaged an actuary to calculate the benefit obligation and net benefits cost at December 31, 2012 and has utilized such to establish the benefit obligation liability. The Plan, which is administered by the Company, calls for annual payments upon retirement based on years of service and final average salary. Net periodic benefit expense is actuarially determined.

The Plan's net benefit cost is as follows:

(In thousands)	
Change in Benefit Obligation	
Benefit obligation at December 31, 2010	$17,510
Service cost	986
Interest cost	807
Payments	(526)
Actuarial loss	1,453
Benefit obligation at December 31, 2011	$20,230
Service cost	878
Interest cost	761
Amortization of (Gain)/Loss	40
Payments	(706)
Actuarial loss	1,174
Benefit obligation at December 31, 2012	$22,377
Unfunded status	$22,377
Unamortized net (gain) loss	—
Net amount recognized	$22,377
Amounts Recognized in the Consolidated Balance Sheet	
Current Accrued liabilities	1,247
Non-Current Accrued liabilities	21,130
Total Accrued liabilities	$22,377

The Company recorded comprehensive losses of $(1.2) million and $(1.4) million, which consists of actuarial losses for the years 2012 and 2011, respectively. The company recorded a tax benefit on the unrealized losses for the plan years 2012 and 2011 of $0.4 million and $0.5 million, respectively. There were no other components such as prior service costs or transition obligations relating to Plan costs recorded within accumulated other comprehensive income (loss) during 2012 or 2011. Accumulated other comprehensive loss at December 31, 2012 and 2011 was comprised of actuarial losses of $0.7 million and $0.9 millon, net of tax.

The following weighted average assumptions were used to determine the benefit obligation and net benefit cost at December 31:

	2012	2011
Discount rate	3.25 %	3.90 %
Average rate of increase in compensation	3.00 %	3.00 %

At December 31, 2012, the estimated accumulated benefit obligation is $22.4 million. Future payments under the Plan are as follows:

(In thousands)	
2013	$1,247
2014	1,578
2015	1,578
2016	1,578
2017	1,578
Thereafter	14,818
	$22,377

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (USD $) In Thousands, except Share data, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME			
Net sales	$ 985,550	$ 918,539	$ 817,379
Material costs	296,193	270,210	248,667
Personnel costs	335,328	321,529	282,417
Other operating expenses	188,868	177,910	165,158
Relocation expenses		1,185	16,444
Acquisition expenses	1,171	781	5,414
Depreciation and amortization	34,652	30,969	18,809
Income from operations	129,338	115,955	80,470
Interest expense, net	31,169	31,821	30,340
Extinguishment of debt			13,985
Loss from interest rate swap			1,610
Income before taxes	98,169	84,134	34,535
Provision for income taxes	34,477	29,657	13,639
Net income	63,692	54,477	20,896
Other comprehensive income (loss):			
Unrealized gain on interest rate swaps, net of taxes of $1,912			2,868
Reclassification of net losses on auction rate securities from OCI to net income, net of taxes of $125			188
Unrealized loss on Retirement Plan, net of taxes of $440, $546 and $177 for 2012, 2011 and 2010, respectively	(734)	(906)	(279)
Total other comprehensive income (loss)	(734)	(906)	2,777
Comprehensive income	$ 62,958	$ 53,571	$ 23,673
Basic Per Common Share Data			
Net income (in dollars per share)	$ 1.86	$ 1.62	$ 0.65
Shares used to compute basic per common share amounts (in shares)	34,282,591	33,544,813	32,238,401
Diluted Per Common Share Data			
Net income (in dollars per share)	$ 1.83	$ 1.59	$ 0.64
Shares used to compute diluted per common share amounts (in shares)	34,832,830	34,220,256	32,888,305

INVENTORIES	12 Months Ended Dec. 31, 2012

INVENTORIES

INVENTORIES

NOTE E—INVENTORIES

Inventories which are valued at the lower of cost or market, for the two years ended December 31, 2012 and 2011 are as follows:

(In thousands)	2012	2011
Raw materials	$41,372	$39,121
Work in process	56,931	43,954
Finished goods	28,992	29,230
	$127,295	$112,305

GOODWILL AND OTHER INTANGIBLE ASSETS

12 Months Ended Dec. 31, 2012

GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL AND OTHER INTANGIBLE ASSETS

NOTE D—GOODWILL AND OTHER INTANGIBLE ASSETS

The Company completes its annual goodwill and indefinite lived intangible impairment analysis in the fourth quarter of each year. The Company determined that it has three reporting units to be evaluated, which are the same as its reportable segments: (i) Patient Care; (ii) Distribution; and (iii) Therapeutic Solutions. The Company completed its annual goodwill and indefinite lived intangible asset impairment in October 2012 and 2011 using a two-step approach, which did not result in an impairment as the fair value of the reporting units is substantially in excess of the carrying value of the underlying assets. The fair value of the Company's reporting units was primarily determined based on the income approach and considered the market and cost approach.

The activity related to goodwill for the two years ended December 31, 2012 and 2011 is as follows:

(In thousands)	Patient Care	Distribution	Therapeutic Solutions	Total
Balance at December 31, 2010	$456,232	$38,388	$96,079	$590,699
Additions due to acquisitions	17,192	—	851	18,043
Contingent consideration(1)	742	—	—	742
Balance at December 31, 2011	$474,166	$38,388	$96,930	$609,484
Additions due to acquisitions	63,849	—	964	64,813
Contingent consideration(1)	477	—	—	477
Balance at December 31, 2012	$538,492	$38,388	$97,894	$674,774

(1) Contingent consideration relates to acquisitions completed prior to the adoption of ASC 805.

The activity related to intangible assets for the two years ended December 31, 2012 and 2011 is as follows:

(In thousands)	Customer Lists	Trade Name ACP	Patents and Other Intangibles	Total
Gross asset value				
As of December 31, 2010	$32,447	$9,070	$25,262	$66,779
Write-offs and other adjustments	—	—	147	147
Additions	2,436	—	692	3,128
As of December 31, 2011	34,883	9,070	26,101	70,054
Additions(1)	13,161	—	1,709	14,870

As of December 31, 2012	$48,044	$9,070	$27,810	$84,924
Accumulated Amortization				
As of December 31, 2010	$(1,942)	$—	$(8,458)	$(10,400)
Amortization expense	(2,706)	—	(2,054)	(4,760)
As of December 31, 2011	(4,648)	—	(10,512)	(15,160)
Amortization expense	(3,198)	—	(2,285)	(5,483)
As of December 31, 2012	(7,846)	—	(12,797)	(20,643)
Net book value	$40,198	$9,070	$15,013	$64,281

(1) The weighted average life of the additions to customer lists, patents and other intangibles is 9.7 years.

The $9.1 million ACP trade name has an indefinite life and is tested for recoverability in the annual impairment test. Estimated aggregate amortization expense for definite-lived intangible assets for each of the five years ending December 31 and thereafter is as follows:

(In thousands)	
2013	$6,778
2014	6,731
2015	6,676
2016	5,195
2017	4,720
Thereafter	25,111
	$55,211

CORPORATE OFFICE RELOCATION	12 Months Ended Dec. 31, 2012

CORPORATE OFFICE RELOCATION

CORPORATE OFFICE RELOCATION

NOTE P—CORPORATE OFFICE RELOCATION

The Company moved its corporate headquarters from Bethesda, Maryland to Austin, Texas in 2010. In conjunction with the move, the Company incurred employee separation costs, other relocation costs, and lease termination costs. Employee separation costs are expensed pro-ratably over the requisite service period. The Company incurred $1.2 million of additional costs in 2011 and no additional expenses in 2012 as the final employee moves were completed. In 2010 the Company abandoned its lease premises in Bethesda, Maryland and recorded a remaining lease termination liability, net of anticipated sub-lease recoveries. $2.0 million of such liability remains as of December 31, 2012. The lease termination liability will be paid out over the remaining term of the lease which expires on September 30, 2014.

The following is a summary of the costs of the relocation incurred and to be paid in future periods:

(in thousands)	Employee Separation	Other Relocation	Lease Termination	Total
Balance as of December 31, 2010	$1,895	$—	$5,206	$7,101
Expenses incurred	(158)	1,211	132	1,185
Amounts paid	(1,511)	(1,211)	(2,253)	(4,975)
Balance as of December 31, 2011	$226	$—	$3,085	$3,311
Expenses incurred	—	—	—	—
Amounts paid	(134)	—	(1,043)	(1,177)
Balance as of December 31, 2012	$92	$—	$2,042	$2,134

STOCK-BASED COMPENSATION

STOCK-BASED COMPENSATION

STOCK-BASED COMPENSATION

12 Months Ended Dec. 31, 2012

NOTE L—STOCK-BASED COMPENSATION

On May 13, 2010, the stockholders of the Company approved the 2010 Omnibus Incentive Plan (the "2010 Plan") and terminated the Amended and Restated 2002 Stock Incentive and Bonus Plan (the "2002 Plan") and 2003 Non-Employee Directors' Stock Incentive Plan (the "2003 Plan"). In conjunction with this approval, it was determined that no new awards will be granted under the 2002 Plan or the 2003 Plan; however, awards granted under either the 2002 Plan or the 2003 Plan that were outstanding will remain outstanding and continue to be subject to all of the terms and conditions of the 2002 Plan or the 2003 Plan, as applicable.

The 2010 Plan provides that 2.5 million shares of Common Stock are reserved for issuance, subject to adjustment as set forth in the 2010 Plan; provided, however, that only 1.5 million shares may be issued pursuant to the exercise of incentive stock options and vesting of restricted stock units. Of these 2.5 million shares, 2.0 million are shares that are newly authorized for issuance under the 2010 Plan and 0.5 million are unissued shares not subject to awards that have been carried over from the shares previously authorized for issuance under the terms of the 2002 Plan and the 2003 Plan. Unless earlier terminated by the Board of Directors, the 2010 Plan will remain in effect until the earlier of (i) the date that is ten years from the date the plan is approved by the Company's stockholders, which is the effective date for the plan, namely May 13, 2020, or (ii) the date all shares reserved for issuance have been issued.

As of December 31, 2012, of the 2.5 million shares of common stock authorized for issuance under the Company's 2010 Plan, approximately 1.2 million shares have been issued and 0.2 million have been canceled, leaving 1.5 million shares available for future issuance. Total unrecognized stock-based compensation cost related to unvested restricted stock units was approximately $12.7 million at December 31, 2012, and is expected to be expensed as compensation expense over approximately four years.

Restricted Stock Units

For the year ended December 31, 2012, 2011, and 2010, the Company has included approximately $8.1 million, $8.1 million, and $7.5 million, respectively, of stock-based compensation cost in the accompanying Consolidated Statements of Income and Comprehensive Income for the 2002, 2003, and 2010 Plans. Compensation expense relates to restricted stock unit grants, as the amount of expense related to options is immaterial in all periods presented. The total value of the restricted stock units is expensed ratably over the requisite service period of the employees receiving the awards.

The summary of restricted stock units and weighted average exercise prices are as follows:

	Employee Awards		Director Awards	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2009	986,461	$12.29	129,123	$13.21
Granted	454,950	18.45	75,710	18.48
Vested	(585,228)	11.36	(71,079)	12.86
Forfeited	(48,112)	13.99	—	—
Nonvested at December 31, 2010	808,071	$16.33	133,754	$16.38
Granted	487,620	25.25	59,698	25.72
Vested	(374,067)	14.61	(62,533)	15.46
Forfeited	(28,101)	19.17	(15,001)	20.80
Nonvested at December 31, 2011	893,523	$21.84	115,918	$21.12

Granted	468,500	20.47	63,497	22.35
Vested	(318,927)	20.17	(58,059)	19.34
Forfeited	(231,537)	21.26	—	—
Nonvested at December 31, 2012	811,559	$21.76	121,356	$22.62

During the years ended December 31, 2012 and 2011, 376,986 and 436,600 restricted stock units of common stock with an intrinsic value of $7.6 million and $6.4 million, respectively, became fully vested. As of December 31, 2012, total unrecognized compensation cost related to restricted stock units of common stock was approximately $12.7 million and the related weighted-average period over which it is expected to be recognized is approximately two years. The aggregate granted units have vesting dates through August 2016. The 2012 and 2011 grants totaled $11.0 million and $13.3 million, respectively, at the dates of grant, and are amortized to expense ratably over the vesting period of granted units.

Options

The summary of option activity and weighted average exercise prices are as follows:

	Employee Awards		Director Awards		Non-Qualified Awards	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2009	764,332	$13.74	95,464	$11.46	406,000	$5.95
Granted	—	—	—	—	—	—
Terminated	(1,500)	4.63	—	—	—	—
Exercised	(328,332)	14.16	(15,373)	13.82	(30,000)	5.50
Outstanding at December 31, 2010	434,500	$13.45	80,091	$11.08	376,000	$5.98
Granted	—	—	—	—	—	—
Terminated	—	—	(10,373)	10.79	—	—
Exercised	—	—	(41,459)	10.38	(376,000)	5.98
Outstanding at December 31, 2011	434,500	$13.45	28,259	$11.99	—	$—
Granted	—	—	—	—	—	—
Terminated	(1,500)	15.60	—	—	—	—
Exercised	(230,000)	14.82	(9,404)	16.04	—	—
Outstanding at December 31, 2012	203,000	$11.88	18,855	$10.02	—	$—
Aggregate intrinsic value at December 31, 2012	$2,411,300		$189,003		$—	
Weighted average remaining contractual term (years)	1.0		1.0		—	

The intrinsic value of options exercised during the years ended December 31, 2012 and 2011 was $3.6 million and $2.7 million, respectively. Options exercisable under the Company's stock-based compensation plans at December 31, 2012 and 2011 were 0.2 million and 0.5 million shares, respectively, with a weighted average exercise price of $11.72 and $13.36, respectively, an average remaining contractual term of 1.0 and 1.7 years, respectively, and an aggregate intrinsic value of $2.6 million and $6.2 million as of December 31, 2012 and 2011. Cash received by the Company related to the exercise of options during the years ended December 31, 2012 and 2011 amounted to $3.6 million and $2.7 million. As of December 31, 2012 and 2011, there is no unrecognized compensation cost related to stock option awards.

The summary of the options vested and exercisable is as follows for the three years ended at December 31:

	Employee Plans	Director Plans	Non-Qualified Awards
2012	203,000	18,855	—
2011	434,500	28,259	—
2010	434,500	80,091	376,000

Information concerning outstanding and exercisable options as of December 31, 2012 is as follows:

	Options Outstanding and Exercisable		
		Weighted Average	
Range of Exercise Prices	Number of Options or Awards	Remaining Life (Years)	Exercise Price
$ 5.09 to $12.00	113,482	1.1	8.02
12.10 to 17.60	108,373	1.0	15.60
	221,855	1.0	$11.72

COMMITMENTS AND CONTINGENT LIABILITIES	12 Months Ended Dec. 31, 2012
COMMITMENTS AND CONTINGENT LIABILITIES	
COMMITMENTS AND CONTINGENT LIABILITIES	**NOTE H—COMMITMENTS AND CONTINGENT LIABILITIES** *Commitments* The Company's wholly-owned subsidiary, Innovative Neurotronics, Inc. ("IN, Inc."), is party to a non-binding purchase agreement under which it agreed to purchase assembled WalkAide system kits. As of December 31, 2012, IN, Inc. had outstanding purchase commitments of approximately $0.5 million that the Company expects to be fulfilled over the next three months. *Contingencies* The Company is subject to legal proceedings and claims which arise from time to time in the ordinary course of its business, including additional payments under business purchase agreements. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions will not have a materially adverse effect on the financial position, liquidity or results of operations of the Company. The Company is in a highly regulated industry and receives regulatory agency inquiries from time to time in the ordinary course of its business, including inquiries relating to the Company's billing activities. To date these inquiries have not resulted in material liabilities, but no assurance can be given that future regulatory agencies' inquiries will be consistent with the results to date or that any discrepancies identified during a regulatory review will not have a material adverse effect on the Company's consolidated financial statements. *Guarantees and Indemnifications* In the ordinary course of its business, the Company may enter into service agreements with service providers in which it agrees to indemnify or limit the service provider against certain losses and liabilities arising from the service provider's performance of the agreement. The Company has reviewed its existing contracts containing indemnification or clauses of guarantees and does not believe that its liability under such agreements is material to the Company's operations.

STOCK-BASED COMPENSATION (Details 2) (USD $)	12 Months Ended Dec. 31, 2012 Y
Options Outstanding and Exercisable	
Number of Options or Awards (in shares)	221,855
Weighted Average Remaining Life (in years)	1.0
Weighted Average Exercise Price (in dollars per share)	$ 11.72
$5.09 to $12.00	
Options Outstanding and Exercisable	
Exercise price range, lower range limit (in dollars per share)	$ 5.09
Exercise price range, upper range limit (in dollars per share)	$ 12.00
Number of Options or Awards (in shares)	113,482
Weighted Average Remaining Life (in years)	1.1
Weighted Average Exercise Price (in dollars per share)	$ 8.02
$12.10 to $17.60	
Options Outstanding and Exercisable	
Exercise price range, lower range limit (in dollars per share)	$ 12.10
Exercise price range, upper range limit (in dollars per share)	$ 17.60
Number of Options or Awards (in shares)	108,373
Weighted Average Remaining Life (in years)	1.0
Weighted Average Exercise Price (in dollars per share)	$ 15.60

ACQUISITIONS

12 Months Ended Dec. 31, 2012

ACQUISITIONS

ACQUISITIONS

NOTE F—ACQUISITIONS

In 2012, the Company acquired eighteen O&P companies, operating a total of 59 patient care clinics. The aggregate purchase price for these O&P businesses was $83.1 million, which consisted of $60.1 million of cash on hand, $21.4 million of promissory notes and $1.6 million of contingent consideration payable within the next five years. The Company preliminarily allocated the purchase price for 2012 acquisitions to the individual assets acquired and liabilities assumed. The Company's valuations are subject to adjustment as additional information is obtained; however, these adjustments are not expected to be material. The excess of purchase price over the aggregate fair value was recorded as goodwill. Contingent consideration is reported as accounts payable and other liabilities on the Company's Consolidated Balance Sheet. The Company recorded (i) approximately $63.8 million of goodwill; (ii) $12.1 million of customer lists; (iii) $6.0 million in accounts receivable; and (iv) $1.2 million of other assets and liabilities related to these acquisitions. The value of the goodwill from these acquisitions can be attributed to a number of business factors including, but not limited to, expected revenue and cash flow growth in future years. The Company incurred $1.2 million in acquisition expenses, which were included in other operating expenses. The results of operations for these acquisitions are included in the Company's results of operations from the date of acquisition. Pro forma results would not be materially different. Of the $63.8 million of goodwill recorded for the 2012 acquisitions, the Company intends to make an election to treat certain of these acquisitions as an asset acquisition for tax purposes resulting in $13.0 million of this amount being amortizable for tax purposes.

In 2011 the Company acquired eight O&P companies, operating a total of 21 patient care clinics. The aggregate purchase price for these O&P businesses was $24.9 million, which consisted of $14.1 cash on hand, $6.7 million of promissory notes and $4.1 million of contingent consideration payable within the next four years. Contingent consideration is reported as accounts payable and other liabilities on the Company's Consolidated Balance Sheet. The Company recorded (i) approximately $17.2 million of goodwill; (ii) $2.4 million of customer lists; (iii) $3.0 million of accounts receivable; and (iv) $2.3 million of other assets and liabilities related to these acquisitions. The value of the goodwill from these acquisitions can be attributed to a number of business factors including, but not limited to, expected revenue and cash flow growth in future years. The Company incurred $0.8 million in acquisition expenses, which were included in other operating expenses. The results of operations for these acquisitions were included in the Company's results of operations from the date of acquisition. Pro forma results would not be materially different. Of the $17.2 million of goodwill recorded for the 2011 acquisitions, the Company intends to make an election to treat certain of these acquisitions as an asset acquisition for tax purposes resulting in $14.0 million of this amount being amortizable for tax purposes.

On December 1, 2010, the Company completed the acquisition of ACP for approximately $157.8 million in cash and incurred $5.4 million of costs to complete the transaction. These costs, which were reflected as acquisition expenses on the consolidated financial statements, are comprised of $3.3 million in legal and advisor fees and $2.1 million in stock based compensation related to the sale of stock to executives of ACP. The Company recorded: (i) approximately $96.9 million of goodwill, which is not amortizable for tax purposes; (ii) $48.2 million of intangible assets; (iii) $32.5 million of fixed assets at fair value; (iv) $7.2 million of current assets; (v) $6.4 million of current liabilities; and (vi) $20.4 million of deferred tax liabilities related to the ACP transaction. The value of the goodwill from this acquisition can be attributed to a number of business factors including, but not limited to, expected revenue and cash flow growth in future years and the ability to provide services to a previously underserved market. The Company identified intangible assets totaling $48.2 million comprised of: (i) $22.3 million of customer relationships with a useful life of 14 years; (ii) $9.1 million related to the trade name which has an indefinite life; (iii) $8.1 million related to proprietary treatment programs with a useful life of 15 years; (iv) $5.4 million of patented technology with a useful life of eight years; and (v) $3.3 million related to other assets with a three to five year useful life. The results of operations for ACP are included in the Company's results of operations from the date of acquisition. Pro forma results would not be materially different.

In addition to ACP, the Company acquired five O&P companies in 2010, operating a total of six patient care clinics located in California, New York, Texas, and Utah. The aggregate purchase price for these O&P businesses was $10.6 million, which consisted of $5.4 million of cash on hand, $3.0 million of promissory notes and $2.2 million of contingent considerations payable within the next three years. Contingent consideration is reported as other liabilities on the Company's Consolidated Balance Sheet. The Company recorded approximately $9.2 million of goodwill related to these acquisitions and the expenses incurred were included in other operating expenses. The results of operations for these acquisitions are included in the Company's results of operations from the date of acquisition. Pro forma results would not be materially different. The goodwill related to the acquisitions is not amortizable for tax purposes.

In connection with contingent consideration agreements with acquisitions completed prior to adoption of the revised authoritative guidance for business combinations becoming effective, the Company made payments of $0.5 million, $0.7 million, and $1.3 million during the years ended December 31, 2012, 2011, and 2010, respectively. The Company has accounted for changes in the estimates of these amounts as additional purchase price, resulting in an increase in goodwill. In connection with contingent consideration agreements with acquisitions completed subsequent to adoption of the revised authoritative guidance, the Company made payments of $2.5 million in 2012, $1.5 million in 2011, and $0.4 million in 2010.

The Company estimates that it may pay up to $6.3 million related to contingent consideration provisions of acquisitions in future periods.

LONG-TERM DEBT

12 Months Ended Dec. 31, 2012

LONG-TERM DEBT

LONG-TERM DEBT

NOTE G—LONG-TERM DEBT

Long-term debt as of December 31 was as follows:

(In thousands)	2012	2011
Revolving Credit Facility	$—	$—
Term Loan	293,300	297,000
7 1/8% Senior Notes due 2018	200,000	200,000
Subordinated seller notes, non-collateralized, net of unamortized discount with principal and interest payable in either monthly, quarterly or annual installments at effective interest rates ranging from 2.00% to 6.5%, maturing through November 2018	27,346	11,033
	520,646	508,033
Less current portion	(11,082)	(8,065)
	$509,564	$499,968

Refinancing and Amendment

During the fourth quarter of 2010, the Company refinanced its senior debt through the issuance of $200.0 million of 7 1/8% Senior Notes due 2018, a new $300.0 million Term Loan Facility which matures in 2016, and the establishment of a $100.0 million Revolving Credit Facility. The Company recorded a $14.0 million charge related to the early extinguishment of the senior debt, comprised primarily of $9.8 million of premiums paid to debt holders and a $4.2 million write-off of debt issuance costs and other fees. The proceeds of the refinancing were used for the following: (i) $184.8 million to retire the outstanding 10 1/4% Senior Notes due 2014 and related premiums and fees; (ii) $220.3 million to retire the outstanding balance under the existing Term Loan Facility; (iii) $16.9 million to pay debt issuance costs; and (iv) $78.2 million to partially fund the purchase price for the acquisition of ACP.

On March 11, 2011, the Company entered into an amendment to its Credit Agreement dated as of December 1, 2010 (as amended, the "Credit Agreement"). The amendment (i) reduced the interest rate margin applicable to the Term Loans under the Credit Agreement by 0.75% to 3.0% and (ii) reduced the LIBOR floor applicable to the Term Loans under the Credit Agreement from 1.5% to 1.0%. The Company incurred $4.1 million of fees related to the Amendment which will be amortized into interest expense over the remaining term of the debt.

Revolving Credit Facility

The $100.0 million Revolving Credit Facility matures on December 1, 2015 and bears interest at LIBOR plus 3.25%, or the applicable rate (as defined in the Credit Agreement). The Revolving Credit Facility requires compliance with various covenants including but not limited to (i) minimum consolidated interest coverage ratio of 3.50:1.00; (ii) maximum total leverage ratio of 4.00:1.00; and (iii) maximum annual capital expenditures of 7.5% of consolidated net revenues of the preceding fiscal year with an additional rollover of up to $15.0 million from the prior year's allowance if not expended in the fiscal year for which it is permitted. As of December 31, 2012, the Company was in compliance with these covenants. As of December 31, 2012, the Company had $99.5 million available under this facility. This availability as of December 31, 2012 was net of standby letters of credit of approximately $0.5 million. As of December 31, 2012, the Company had no funds drawn on the Revolving Credit Facility. The obligations under the Revolving Credit Facility are senior obligations, are guaranteed by the Company's subsidiaries, and are secured by a first priority perfected interest in the equity interests of the Company's subsidiaries, all of the Company's assets, and all the assets of the Company's subsidiaries.

Term Loan Facility

The $300.0 million Term Loan Facility matures on December 1, 2016 and requires quarterly principal payments. From time to time, mandatory prepayments may be required as a result of excess free cash flow as defined in the Credit Agreement, certain additional debt incurrences and asset sales, or other events as defined in the Credit Agreement. During 2012, the Company made a mandatory prepayment on its Term Loan Facility of $700,000. The Term Loan Facility bears interest at LIBOR plus 3.0%, or the applicable rate (as defined in the Credit Agreement), and includes a 1.0% LIBOR floor. As of December 31, 2012, the interest rate on the Term Loan Facility was 4.0%. The obligations under the Term Loan Facility are senior obligations, are guaranteed by the Company's subsidiaries, and are secured by a first priority perfected interest in the Company's subsidiaries' shares, all of the Company's assets, and all the assets of the Company's subsidiaries.

7 1/8% Senior Notes

The 7 1/8% Senior Notes mature November 15, 2018 and are senior unsecured indebtedness which is guaranteed on a senior unsecured basis by all of the Company's current and future subsidiaries. Interest is payable semi-annually on May 15 and November 15 of each year, commencing May 15, 2011.

On or prior to November 15, 2013, the Company may redeem up to 35% of the aggregate principal amount of the notes at a redemption price of 107.125% of the principal amount thereof, plus accrued and unpaid interest and additional interest to the redemption date with the proceeds of a public offering of its equity securities. On or after November 15, 2014, the Company may redeem all or from time to time a part of the notes upon not less than 30 not more than 60 days' notice, for the twelve month period beginning on November 15, of the indicated years at (i) 103.563% during 2014; (ii) 101.781% during 2015; and (iii) 100.00% during 2016 and thereafter through November 15, 2018.

Subsidiary Guarantees

The Revolving and Term Loan Facilities and the 7 1/8% Senior Notes are guaranteed by all of the Company's subsidiaries. Separate condensed consolidating information is not included as the Company does not have independent assets or operations. The Guarantees are full and unconditional and joint and several, and any subsidiaries of the Company other than the Guarantor Subsidiaries are minor. There are no restrictions on the ability of our subsidiaries to transfer cash to the Company or to co-guarantors. All consolidated amounts in the Company's financial statements are representative of the combined guarantors.

Debt Covenants

The terms of the Senior Notes, the Revolving Credit Facility, and the Term Loan Facility limit the Company's ability to, among other things, incur additional indebtedness, create liens, pay dividends on or redeem capital stock, make certain investments, make restricted payments, make certain dispositions of assets, engage in transactions with affiliates, engage in certain business activities and engage in mergers, consolidations and certain sales of assets. At December 31, 2012 and 2011, the Company was in compliance with all covenants under these debt agreements.

Maturities of long-term debt at December 31, 2012 and the years thereafter are as follows:

(In thousands)	
2013	$11,082
2014	10,942
2015	10,473
2016	287,574
2017	200,575
Thereafter	—
	$520,646

NET INCOME PER COMMON SHARE	12 Months Ended Dec. 31, 2012
NET INCOME PER COMMON SHARE	
NET INCOME PER COMMON SHARE	**NOTE I—NET INCOME PER COMMON SHARE** Basic per common share amounts are computed using the weighted average number of common shares outstanding during the year. Diluted per common share amounts are computed using the weighted average number of common shares outstanding during the year and dilutive potential common shares. Dilutive potential common shares consist of stock options and restricted stock units and are calculated using the treasury stock method.

(In thousands, except share and per share data)	**2012**	**2011**	**2010**
Net income applicable to common stock	$63,692	$54,477	$20,896
Shares of common stock outstanding used to compute basic per common share amounts	34,282,591	33,544,813	32,238,401
Effect of dilutive restricted stock units and options	550,239	675,443	649,904
Shares used to compute diluted per common share amounts	34,832,830	34,220,256	32,888,305
Basic income per share applicable to common stock	$1.86	$1.62	$0.65
Diluted income per share applicable to common stock	$1.83	$1.59	$0.64

CORPORATE OFFICE RELOCATION (Details) (USD $)	12 Months Ended	
	Dec. 31, 2012	Dec. 31, 2011
Summary of relocation expenses incurred and to be paid in future periods		
Balance at the beginning of the period	$ 3,311,000	$ 7,101,000
Expenses incurred		1,185,000
Amounts paid	(1,177,000)	(4,975,000)
Balance at the end of the period	2,134,000	3,311,000
Employee Separation		
Summary of relocation expenses incurred and to be paid in future periods		
Balance at the beginning of the period	226,000	1,895,000
Expenses incurred		(158,000)
Amounts paid	(134,000)	(1,511,000)
Balance at the end of the period	92,000	226,000
Anticipated additional costs on completion of final employee moves		1,200,000
Other Relocation		
Summary of relocation expenses incurred and to be paid in future periods		
Expenses incurred		1,211,000
Amounts paid		(1,211,000)
Lease Termination		
Summary of relocation expenses incurred and to be paid in future periods		
Balance at the beginning of the period	3,085,000	5,206,000
Expenses incurred		132,000
Amounts paid	(1,043,000)	(2,253,000)
Balance at the end of the period	$ 2,042,000	$ 3,085,000

SEGMENT AND RELATED INFORMATION (Details) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Dec. 31, 2012 segment	Dec. 31, 2011	Dec. 31, 2010
SEGMENT AND RELATED INFORMATION			
Number of reportable segments	3		
Net sales			
Customers	$ 985,550	$ 918,539	$ 817,379
Depreciation and amortization	34,652	30,969	18,809
Income (loss) from operations	129,338	115,955	80,470
Interest (income) expense	31,169	31,821	30,340
Income (loss) before taxes	98,169	84,134	34,535
Total assets	1,237,327	1,126,719	1,060,570
Capital expenditures	33,163	28,674	30,593
Patient-Care			
Summarized financial information concerning the Company's reportable segments			
Minimum age for health insurance coverage under Medicare health insurance program	65		
Medicare reimbursement for O&P products and services based on prices set forth in fee schedules, number of regional service areas	10		
Minimum age to supplement Medicare benefits for financially needy persons under Medicaid health insurance program	65		
Estimated government reimbursement as a percentage of the company's net sales	40.40%	40.00%	40.40%
Net sales			
Customers	813,556	753,409	714,665
Intersegments	17,621	15,853	
Depreciation and amortization	14,307	12,502	11,211
Income (loss) from operations	149,544	138,918	130,521
Interest (income) expense	30,353	28,440	28,410
Income (loss) before taxes	119,191	110,478	102,111
Total assets	1,423,258	1,277,700	1,053,361
Capital expenditures	15,311	11,886	17,599
Distribution			
Net sales			
Customers	107,266	100,456	95,544
Intersegments	191,202	174,431	168,823
Depreciation and amortization	1,139	1,088	1,004
Income (loss) from operations	34,178	28,293	30,395
Interest (income) expense	3,294	3,356	3,397
Income (loss) before taxes	30,884	24,937	26,998
Total assets	199,268	170,077	146,166
Capital expenditures	438	1,318	1,112

Therapeutic Solutions			
Net sales			
Customers	63,921	64,014	6,622
Intersegments	3,902	3,520	3,839
Depreciation and amortization	11,232	10,424	1,293
Income (loss) from operations	4,182	3,703	(5,402)
Interest (income) expense	5,743	5,761	480
Income (loss) before taxes	(1,561)	(2,058)	(5,882)
Total assets	135,786	135,781	142,970
Capital expenditures	3,948	4,217	2,056
Other			
Net sales			
Customers	807	660	548
Depreciation and amortization	7,974	7,068	5,414
Income (loss) from operations	(57,500)	(54,654)	(75,023)
Interest (income) expense	(8,221)	(5,736)	(1,947)
Income (loss) before taxes	(49,279)	(48,918)	(88,671)
Total assets	(520,985)	(456,839)	(281,927)
Capital expenditures	13,466	11,253	9,826
Consolidated Adjustments			
Net sales			
Intersegments	(212,725)	(193,804)	(172,662)
Depreciation and amortization		(113)	(113)
Income (loss) from operations	(1,066)	(305)	(21)
Income (loss) before taxes	$ (1,066)	$ (305)	$ (21)

STOCK-BASED COMPENSATION (Tables)	12 Months Ended Dec. 31, 2012
STOCK-BASED COMPENSATION	

Summary of restricted stock units and weighted average exercise prices

	Employee Awards		Director Awards	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2009	986,461	$12.29	129,123	$13.21
Granted	454,950	18.45	75,710	18.48
Vested	(585,228)	11.36	(71,079)	12.86
Forfeited	(48,112)	13.99	—	—
Nonvested at December 31, 2010	808,071	$16.33	133,754	$16.38
Granted	487,620	25.25	59,698	25.72
Vested	(374,067)	14.61	(62,533)	15.46
Forfeited	(28,101)	19.17	(15,001)	20.80
Nonvested at December 31, 2011	893,523	$21.84	115,918	$21.12
Granted	468,500	20.47	63,497	22.35
Vested	(318,927)	20.17	(58,059)	19.34
Forfeited	(231,537)	21.26	—	—
Nonvested at December 31, 2012	811,559	$21.76	121,356	$22.62

Summary of option activity and weighted average exercise prices

	Employee Awards		Director Awards		Non-Qualified Awards	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2009	764,332	$13.74	95,464	$11.46	406,000	$5.95
Granted	—	—	—	—	—	—
Terminated	(1,500)	4.63	—	—	—	—
Exercised	(328,332)	14.16	(15,373)	13.82	(30,000)	5.50
Outstanding at December 31, 2010	434,500	$13.45	80,091	$11.08	376,000	$5.98
Granted	—	—	—	—	—	—
Terminated	—	—	(10,373)	10.79	—	—
Exercised	—	—	(41,459)	10.38	(376,000)	5.98
Outstanding at December 31, 2011	434,500	$13.45	28,259	$11.99	—	$—
Granted	—	—	—	—	—	—
Terminated	(1,500)	15.60	—	—	—	—
Exercised	(230,000)	14.82	(9,404)	16.04	—	—
Outstanding at December 31, 2012	203,000	$11.88	18,855	$10.02	—	$—
Aggregate intrinsic value at December 31, 2012	$2,411,300		$189,003		$—	
Weighted average remaining contractual term (years)	1.0		1.0		—	

Summary of the options vested and exercisable

Summary of information concerning outstanding and exercisable options

	Employee Plans	Director Plans	Non-Qualified Awards
2012	203,000	18,855	—
2011	434,500	28,259	—
2010	434,500	80,091	376,000

Range of Exercise Prices	Options Outstanding and Exercisable		
		Weighted Average	
	Number of Options or Awards	Remaining Life (Years)	Exercise Price
$ 5.09 to $12.00	113,482	1.1	8.02
12.10 to 17.60	108,373	1.0	15.60
	221,855	1.0	$11.72

ACQUISITIONS (Details) (USD $) In Millions, unless otherwise specified	12 Months Ended				
	Dec. 31, 2012 O & P companies entity clinics	Dec. 31, 2011 O & P companies entity clinics	Dec. 31, 2010 O & P companies clinics entity	Dec. 31, 2010 Accelerated Care Plus Corp. (ACP)	Dec. 02, 2010 Accelerated Care Plus Corp. (ACP)
Acquisitions					
Number of O&P companies acquired (in entities)	18	8	5		
Number of patient-care centers operated by acquiree	59	21	6		
Aggregate purchase price of O&P businesses	$ 83.1	$ 24.9	$ 10.6		
Promissory notes as a part of purchase price	21.4	6.7	3.0		
Contingent consideration payable reported as other liabilities	1.6	4.1	2.2		
Maximum term for payment of contingent consideration (in years)	5 years	4 years	3 years		
Goodwill recorded, related to acquisitions	63.8	17.2	9.2		96.9
Customer lists recorded, related to acquisitions	12.1	2.4			
Accounts receivable recorded, related to acquisitions	6.0	3.0			
Other assets and liabilities recorded, related to acquisitions	1.2	2.3			
Goodwill recorded, expected election to treat as asset acquisition	13.0	14.0			
Acquisition purchase price paid in cash	60.1	14.1	5.4		157.8
Transaction costs incurred on acquisition	1.2	0.8			5.4
Legal and advisor fees, included in acquisition expenses					3.3
Stock-based compensation related to sale of stock to executives, included in acquisition expenses					2.1
Intangible assets				48.2	
Fixed assets at fair value				32.5	
Current assets				7.2	
Current liabilities				6.4	
Deferred tax liabilities				$ 20.4	

RELATED PARTY TRANSACTIONS	12 Months Ended Dec. 31, 2012
RELATED PARTY TRANSACTIONS	
RELATED PARTY TRANSACTIONS	**NOTE N—RELATED PARTY TRANSACTIONS** The firm of Foley & Lardner LLP serves as the Company's outside general counsel. The Company's Chairman is the brother-in-law of the partner in charge of the relationship. Total fees paid by the Company to Foley & Lardner LLP were \$2.4 million, \$2.6 million, and \$3.3 million, for the years ended 2012, 2011, and 2010, respectively.

SIGNIFICANT ACCOUNTING POLICIES (Tables)

12 Months Ended Dec. 31, 2012

SIGNIFICANT ACCOUNTING POLICIES

Schedule of impact of error on the income statement

The impact of the errors are included in the results of the Patient Care segment in Note O.

(Dollars in thousands, except share and per share amounts)	2011 As Previously Reported	2011 As Revised	2010 As Previously Reported	2010 As Revised
Inventory	$114,086	$112,305	$98,290	$97,381
Accrued expenses (taxes)	18,247	17,547	20,796	20,426
Material costs	$267,677	$270,210	$247,565	$248,667
Personnel Costs	$322,765	$321,529	$284,095	$282,417
Other Operating expenses	$178,335	$177,910	$163,673	$165,158
Income from operations	$116,827	$115,955	$81,379	$80,470
Income before taxes	$85,006	$84,134	$35,444	$34,535
Provision for income taxes	$29,987	$29,657	$14,009	$13,639
Net income	$55,019	$54,477	$21,435	$20,896
Basic Per Common Share Net Income	$1.64	$1.62	$0.66	$0.65
Diluted Per Common Share Net Income	$1.61	$1.59	$0.65	$0.64

Schedule of estimated useful lives of related assets for computation of depreciation for reporting purposes

Asset class	Estimated life (in years)
Furniture and fixtures	5
Machinery and equipment	5
Computers and software	5
Buildings	10 - 40
Assets under capital leases	Shorter of 10 or lease term

Leasehold improvements	Shorter of 10 or lease term
Equipment leased to third parties under operating leases	Up to 10

Schedule of investment in equipment leased to third parties under operating leases

(In thousands)	
Program equipment	$34,827
Less: Accumulated depreciation	(10,315)
Net book value at December 31, 2012	$24,512

GOODWILL AND OTHER INTANGIBLE ASSETS (Details 2) (USD $) In Thousands, unless otherwise specified	12 Months Ended					12 Months Ended			
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012 Trade Name ACP	Dec. 31, 2011 Trade Name ACP	Dec. 31, 2010 Trade Name ACP	Dec. 31, 2012 Customer Lists Y	Dec. 31, 2011 Customer Lists	Dec. 31, 2012 Patents and Other Intangibles Y	Dec. 31, 2011 Patents and Other Intangibles
Finite-lived intangible assets, gross asset value									
Balance at the beginning of the period						$ 34,883	$ 32,447	$ 26,101	$ 25,262
Write-offs and other adjustments	(147)								(147)
Additions	14,870	3,128				13,161	2,436	1,709	692
Balance at the end of the period						48,044	34,883	27,810	26,101
Indefinite-lived intangible assets			9,070	9,070	9,070				
Gross asset value									
Balance at the beginning of the period	70,054	66,779							
Additions	14,870	3,128				13,161	2,436	1,709	692
Balance at the end of the period	84,924	70,054							
Accumulated Amortization									
Balance at the beginning of the period	(15,160)	(10,400)				(4,648)	(1,942)	(10,512)	(8,458)
Amortization expense	(5,483)	(4,760)				(3,198)	(2,706)	(2,285)	(2,054)
Balance at the end of the period	(20,643)	(15,160)				(7,846)	(4,648)	(12,797)	(10,512)
Net book value						40,198		15,013	
Net book value	64,281	54,894							
Weighted average life of the additions to customer lists, patents and other intangibles						9.7		9.7	
Estimated aggregate amortization expense for definite-lived intangible assets									
2013	6,778								
2014	6,731								
2015	6,676								
2016	5,195								
2017	4,720								
Thereafter	25,111								

Estimated aggregate amortization expense	$ 55,211

SIGNIFICANT ACCOUNTING POLICIES (Details 3) (USD $)	Dec. 31, 2012	Dec. 31, 2011
Fair Value of Financial Instruments		
Carrying value of Senior Notes	$ 520,646,000	$ 508,033,000
Term Loan		
Fair Value of Financial Instruments		
Carrying value of Senior Notes	293,300,000	297,000,000
7.125% Senior Notes due 2018		
Fair Value of Financial Instruments		
Fair value of Senior Notes	211,500,000	203,000,000
Carrying value of Senior Notes	200,000,000	200,000,000
Recurring basis | Money Market Funds		
Fair Value of Financial Instruments		
Fair value of assets	11,000,000	0
Fair value of assets	$ 1.00	
Non recurring basis		
Fair Value of Financial Instruments		
Seller note	21,900,000	
Contingent consideration	$ 2,700,000	

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (Parenthetical) (USD $) In Thousands, unless otherwise specified	12 Months Ended Dec. 31, 2010
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME	
Unrealized gain on interest rate swaps, taxes	$ 1,912
Reclassification of net losses on auction rate securities from OCI to net income, taxes	125
Unrealized loss on Retirement Plan, net of taxes	$ 177

SUPPLEMENTAL CASH FLOW FINANCIAL INFORMATION	12 Months Ended Dec. 31, 2012

SUPPLEMENTAL CASH FLOW FINANCIAL INFORMATION

SUPPLEMENTAL CASH FLOW FINANCIAL INFORMATION

NOTE C—SUPPLEMENTAL CASH FLOW FINANCIAL INFORMATION

The supplemental disclosure requirements for the statements of cash flows are as follows:

(In thousands)	2012	2011	2010
Cash paid during the period for:			
Interest	$27,362	$27,799	$27,758
Income taxes	34,468	17,152	14,120
Non-cash financing and investing activities:			
Purchase of property, plant, and equipment in accounts payable	$1,525	$810	$2,660
Unrealized loss on SERP (net of tax)	734	906	278
Capital lease obligations	4,615	23	157
Unrealized gain (loss) on interest rate swaps	—	—	1,514
Earnouts payable on acquisitions	2,672	4,098	2,182
Issuance of notes in connection with acquisitions	21,895	6,700	2,950
Issuance of restricted stock units of common stock	5,996	12,754	9,325

EMPLOYEE BENEFITS (Details) (USD $)	12 Months Ended Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
EMPLOYEE BENEFITS			
Matching employer contributions under 401(k) Savings and Retirement plan	$ 4,200,000	$ 3,900,000	$ 3,500,000
Change in Benefit Obligation			
Benefit obligation at the beginning of the period	20,230,000	17,510,000	
Service cost	878,000	986,000	
Interest cost	761,000	807,000	
Amortization of (Gain)/Loss	40,000		
Payments	(706,000)	(526,000)	
Actuarial loss	1,174,000	1,453,000	
Benefit obligation at the end of the period	22,377,000	20,230,000	17,510,000
Unfunded status	22,377,000		
Net amount recognized	22,377,000		
Amounts Recognized in the Consolidated Balance Sheet			
Current Accrued liabilities	1,247,000		
Non-Current Accrued liabilities	21,130,000		
Total Accrued liabilities	22,377,000		
Amount of taxes	440,000	546,000	177,000
Actuarial losses included in comprehensive losses	734,000	906,000	279,000
Weighted average assumptions used to determine the benefit obligation and net benefit cost			
Discount rate, to determine the benefit obligation (as a percent)	3.25%	3.90%	
Average rate of increase in compensation, to determine the benefit obligation (as a percent)	3.00%	3.00%	
Discount rate, to determine net benefit cost (as a percent)	3.25%	3.90%	
Average rate of increase in compensation, to determine net benefit cost (as a percent)	3.00%	3.00%	
Estimated accumulated benefit obligation	22,400,000		
Future payments under the Plan			
2013	1,247,000		
2014	1,578,000		
2015	1,578,000		
2016	1,578,000		
2017	1,578,000		
Thereafter	14,818,000		
Total	$ 22,377,000	$ 20,230,000	$ 17,510,000

SUPPLEMENTAL CASH FLOW FINANCIAL INFORMATION (Tables)	12 Months Ended Dec. 31, 2012

SUPPLEMENTAL CASH FLOW FINANCIAL INFORMATION

Schedule of supplemental disclosure requirements for the statements of cash flows

(In thousands)	2012	2011	2010
Cash paid during the period for:			
Interest	$27,362	$27,799	$27,758
Income taxes	34,468	17,152	14,120
Non-cash financing and investing activities:			
Purchase of property, plant, and equipment in accounts payable	$1,525	$810	$2,660
Unrealized loss on SERP (net of tax)	734	906	278
Capital lease obligations	4,615	23	157
Unrealized gain (loss) on interest rate swaps	—	—	1,514
Earnouts payable on acquisitions	2,672	4,098	2,182
Issuance of notes in connection with acquisitions	21,895	6,700	2,950
Issuance of restricted stock units of common stock	5,996	12,754	9,325

THE COMPANY (Details)	12 Months Ended Dec. 31, 2012 facility clinics state
THE COMPANY	
Minimum number of O&P patient-care clinics operated	740
Number of states in which patient-care clinics are operated	45
Number of strategically located distribution facilities	6
Minimum number of long-term care facilities and other sub-acute rehabilitation providers served	4,550

LEASES	12 Months Ended Dec. 31, 2012

LEASES
LEASES

NOTE M—LEASES

Operating Leases

The Company leases office space under non-cancellable operating leases, the majority of which contain escalation clauses. The Company recognizes rent expense on a straight-line basis for leases with escalation clauses. Certain of these leases also contain renewal options. Renewal periods vary according to lease agreements. Rent expense was approximately $43.0 million, $41.4 million, and $40.4 million, for the years ended December 31, 2012, 2011, and 2010, respectively. Sublease rental income of $1.3 million, $0.6 million, and $0.1 million, for the years ended December 31, 2012, 2011, and 2010, respectively, was netted against rent expense. The Company estimates it will receive approximately $2.4 million of sublease rent income over the next four years.

Future minimum rental payments, by year and in the aggregate, under operating leases with terms of one year or more at December 31, 2012 are as follows:

(In thousands)	
2013	$45,081
2014	36,583
2015	26,253
2016	19,397
2017	14,031
Thereafter	30,014
	$171,359