

## A Case Study Of How MedInformatix Is Used To Increase Care and Drive Down Costs

# MedInformatix and American Healthways (Stock Symbol AMHC):

*Providing Healthcare Solutions Since 1991*

### THE WALL STREET JOURNAL

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## Unusual Disease-Care Plan To Be Unveiled

**By Ron Winslow**  
STAFF REPORTER OF THE WALL STREET JOURNAL

Blue Cross and Blue Shield of Minnesota and American Healthways Inc. expect to announce today a 10 year agreement under which American Healthways will help manage the care of the plan's patients with heart disease, diabetes, asthma and chronic diseases.

The impact, unusual in both its length and the scope of illnesses handled by a single company, represents a significant advance for the field known as disease-management, in which patients with chronic ailments are given special support to help them manage symptoms and avoid costly hospital visits.

Precise terms of the deal, which parties describe as a strategic alliance, aren't being disclosed. Thomas G. Cigarán, chairman and chief executive officer of American Healthways, Nashville, Tenn., said that fees paid to his company over the entire 10-year length of the agreement could amount to between \$200 million and \$300million. The actual amount will depend not only on cost savings, but on

how well the company performs on a variety of measures, including evidence that patients health improved and that they were satisfied with the program.

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### Example of how MedInformatix provides the tools to manage and reduce healthcare costs.

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Initially the program will focus on the "15% to 20% of the population that derives 75% to 80% of the medical costs" Dr. Banks said. But over the duration of the contract, the parties plan to roll our services for all of Blue Cross and Blue Shield of Minnesota's 2.1 million members, in the belief that disease-management techniques also can be used effectively to aid in prevention of disease and maintaining a persons' health.

American Healthways uses registered nurses who work with patients by telephone to encourage them to take their medicines, get necessary

checkups and take other steps to manage disease symptoms and follow recommendations made by their physicians. The nurses have access to an electronic medical record that tracks patient medical claims, drug prescriptions and laboratory tests. The intent is that regular contact with nurses will, for instance, help patients meet blood-sugar, blood-pressure and cholesterol level targets that, according to a large body of medical research, help stave off serious consequences of chronic diseases.

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**The MedInformatix software application improved productivity resulting in an increased number of clients while reducing the number of nursing staff required at a ratio of 4 to 1.**

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