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MANAGING HEALTH CAN NOW BE ACHIEVED BY MEASURING HEALTH OUTCOMES

SF-12[®] Health Survey Predicts Per-Person, Per-Month Medical Expenditures

San Diego, October 13, 2005 – The ability of payers and providers to better manage the health risks of their enrollment populations was enhanced today by the introduction of QualityMetric's new SF Expenditure Prediction™ Solution. Interest in and use of patient-reported outcome (PRO) surveys is significant – QualityMetric PROs have supported over 1,300 pharmaceutical, biotechnology and medical device company trials, 1,400 payer and provider organization studies, and 2,300 governmental and non-profit enterprise projects. As the newest enhancement to the company's growing portfolio of scientifically-valid PRO surveys and services, the SF Expenditure Prediction™ Solution can significantly improve the prediction capability of healthcare payers and providers for medical expenditures on a per-person, per-month basis for up to one year.

About the SF Expenditure Prediction™ Solution

The SF Expenditure Prediction™ Solution, which will be officially launched by QualityMetric at the 2005 Disease Management Association of America (DMAA) Forum in San Diego next week, enhances the interpretation of data generated from the existing SF-12[®] and SF-36[®] Health Surveys. SF Expenditure Prediction™ offers real-time per-patient and per-provider reporting of medical expenditures and benchmarking information by age, gender, and disease. This information empowers payers and providers to:

- Predict average monthly expenditures for populations based on current health status
- Benchmark data that will assist with the identification of patients at risk of incurring high future medical costs
- Provide organizations with health status information to support business and financial decision-making

“The SF Expenditure Prediction™ Solution is an important tool for a broad range of healthcare stakeholders, from pharmaceutical and biotechnology companies to payer and provider organizations,” commented John E. Ware, Jr., Ph.D., Chief Executive Officer and Chairman of the Board for QualityMetric Health Outcomes Solutions. “But the full value of SF Expenditure Prediction™ extends beyond financial management, offering the capability to select those most likely to need treatment, those most likely to respond to treatment, and to measure the effectiveness of that treatment over time.”

“The ability to measure treatment, program, and utilization results longitudinally can significantly strengthen the efforts of companies to demonstrate better outcomes and economics,” Ware concluded.

Health Outcomes Research Opens the Door to Health Management at DMAA

Translating health outcomes research into improved health outcomes management is the subject of Dr. Ware’s October 16 plenary address to DMAA titled, “Health Outcomes Standards for Disease Management: From Measurement Models to Business Models.”

“As outcomes research has opened the door to outcomes management, we have the opportunity to shift attention from the validity of measurement models to the application of those models to improve healthcare,” said Dr. Ware. “The results obtained with the SF Expenditure Prediction™ Solution speak to the validity of applying such models to the business of healthcare.”

This topic will be further explored by Mark Kosinski, M.A., a Senior Scientist at QualityMetric, during his Scientific Session presentation, “Using the SF-12® Health Status Measure to Predict Medical Expenditures” at DMAA on October 18.

“As our study shows, using a brief, self-administered general health status tool like SF-12® improves the prediction of subsequent medical expenditures over and above an evaluation of clinical status, demographics, and previous medical expenditures alone,” said Kosinski. “The SF Expenditure Prediction Solution provides an interpretation of SF-36 and SF-12 scores that improves their usefulness to payers who are using such information for risk stratification purposes”.

About QualityMetric, Incorporated

QualityMetric Health Outcomes Solutions is a leading provider of health status measurement products and services that use proprietary and analytical methodologies to capture, benchmark, and interpret actionable, patient-reported health information. Founded in 1997 by John E. Ware, Jr., Ph.D., principal developer of the SF-36®, SF-12®, and SF-8™ Health Surveys, QualityMetric’s scientific expertise has dramatically evolved the value and precision of health status measurement while our technology applications, including the world’s first dynamic, computer adaptive health assessments (DYNHA®), have broadened the options for administration.

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