



HEALTHWAYS

Embracing Health: Outcomes Summit Media Kit

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- Among adults at high risk for heart attack, daily aspirin regimen saved 80,000 lives annually.
- Influenza vaccination saved \$117 per person vaccinated.

“Historically, the evolution of our healthcare system has centered on improving the delivery of care to people who are already sick,” said Healthways Chief Medical Officer Dexter Shurney, M.D., MPH. “We’ve gotten very good at this kind of care, but we believe the future of a sustainable healthcare system lies in harnessing our knowledge and creating the infrastructure to prevent or reduce the risk of illness in the first place.”

The Outcomes Summit report identifies barriers to preventive services in the current healthcare system as well as opportunities under a new, preventive health model. For example,

In the current healthcare system:

- Patients are seen by physicians only when they are ill
- Many people lack knowledge to attain their personal best health
- A healthcare industry that is uncertain of the best way to systemize the practice of prevention and healthcare

In a preventive health system:

- Patients receive preventive care to avoid future costly medical treatment
- Patients receive decision-support tools and are motivated to make the appropriate lifestyle choices to improve their health and well-being
- Expanded prevention coverage policies for self-insured employers

“Healthcare management and prevention should be about fixing the system that leads to disease,” said Dee Edington, Ph.D., director, University of Michigan Health Management Research Center and a keynote speaker at the Summit. “Unfortunately, we keep ignoring the system while trying to fix diseases.”

About the Outcomes Summit

Healthways and Johns Hopkins held the 1st Annual Disease Management Outcomes Summit in 2001. The Summit engages physicians in intensive discussions on critical issues confronting the U.S. healthcare system. The aim of the Summit is to optimize health outcomes for all patients through the advancement of best clinical practices and improvements in the organization of care delivery. Each year, the Summit brings together more than 200 practicing physicians, physician executives, thought leaders and subject matter experts from across the country to tackle and reach consensus on a selected healthcare issue.

About Johns Hopkins

For more than a century, Johns Hopkins' defining health care mission has been the quest for new knowledge and higher standards of health care, leading to better health for individuals and societies. Among the world's most well known and highly regarded health care institutions, its faculty annually receives more federal funding for biomedical research than at any other U. S. university. For the past 16 years, the Johns Hopkins Hospital has received top ranking in U.S. News & World Report “Best Hospitals” surveys.

Johns Hopkins co-hosts the annual Outcomes Summit with Healthways. Healthways, which provided seed capital to Johns Hopkins to establish the Outcomes Evaluation Program, also

compensates participating clinicians and research faculty from the Johns Hopkins schools of Medicine, Nursing and the Bloomberg School of Public Health for their comprehensive, independent analyses of the effectiveness of a wide range of Healthways' outcomes intervention models and their clinical and financial results.

About Healthways

Healthways is the leading provider of specialized, comprehensive Health and Care SupportSM solutions to help millions of people maintain or improve their health and, as a result, reduce overall healthcare costs. Healthways' programs are designed to help healthy individuals stay healthy, mitigate and slow the progression of disease associated with family or lifestyle risk factors and promote the best possible health for those already affected by disease. Our proven, evidence-based programs provide highly specific and personalized interventions for each individual in a population, irrespective of age or health status, and are delivered to consumers by phone, mail, internet and face-to-face interactions, both domestically and internationally. Healthways also provides a national, fully accredited complementary and alternative Health Provider Network, offering convenient access to individuals who seek health services outside of, and in conjunction with, the traditional healthcare system. For more information, please visit www.healthways.com.

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Company Facts

Healthways believes the best way to lower healthcare costs is to improve health, and the best way to improve health is to change behavior. With more than 24 Health and Care Support programs, Healthways offers health/care solutions for the total population, from the healthiest to the critically ill.



HEALTHWAYS

The Health/Care Trust ChannelSM

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LEADING, INNOVATING, GROWING.

For 25 years, **Healthways** (Nasdaq: **HWAY**) has been working with health plans, hospitals and physicians to improve health, enhance the fundamental care experience and reduce the cost of care. The company's Health and Care SupportSM programs focus on prevention, education, behavior change and evidence-based medicine to help drive adherence to proven standards of care, medications and the physician's plan of care. Our programs have been reviewed and approved by NCQA, URAC and Johns Hopkins and are delivered to millions of people worldwide. Healthways has been recognized both for its growth and its proven outcomes, including:

- Delivered a 2-to-1 return on investment (ROI) for Blue Cross and Blue Shield of Minnesota by reducing emergency room visits 11%, hospital admissions 16%, inpatient hospital days 27.9% and age-adjusted heart attack rates 33%. At the same time, increased diabetes HbA1C testing rates 3%, diabetes LDL testing 28%, asthma drug compliance 10.2% and congestive heart failure ACE inhibitor use by 15%.
- Drove significant results across a national population of diabetes members as published in Health Affairs. Generated a 4-to-1 ROI for a comprehensive disease management program for employees of Lowe's Home Improvement in partnership with CIGNA HealthCare.
- Recognized by Harvard Medical School's Department of Healthcare Policy and the Blue Cross and Blue Shield Association (BCBSA) as one of three initiatives to be highlighted by the BCBSA's BlueWorks program (2005).
- Received the Disease Management Association of America Comprehensive Disease Management Company Leadership Award (2001, 2002, 2005), the AstraZeneca-National Managed Healthcare Congress (NMHCC) Partnership Award for innovation in healthcare (2004), and the Innovation In Unmet Health Needs Award (2006).
- FORTUNE's 100 fastest growing companies in America
- FORTUNE Small Business' fastest growing publicly traded company in America
- Forbes' 200 best small companies
- BusinessWeek's 100 hot growth companies
- Baseline magazine's companies that manage information best
- Received the International Learning Technology Excellence in Practice Award for Clinician Training and Development, and the Valuing Differences Citation for Instructional Programs to Overcome Age Bias in Health Care Professionals, ASTD (2006).

MARKET LEADER

- Founded in 1981
- Publicly traded on NASDAQ since 1991
- 5-year net revenue CAGR: 37.6%
- 5-year EPS (diluted) CAGR: 33.6%
- 3,500 employees, including more than 2,000 registered nurses, respiratory therapists and dieticians
- Serving health plans, employers, government and hospitals with programs for their commercial, self-insured, Medicare Advantage, Medicare fee-for-service and Medicaid customers and beneficiaries

Whole-population solutions, including:

- Interventions in physical activity, nutrition and weight management, smoking cessation, stress relief, early detection and screening. Wellness and prevention programs include SilverSneakers®, QuitNet®, and myhealthIQSM
- Population disease management for diabetes, cardiac, COPD, chronic kidney and end-stage renal disease, asthma, cancer, comprehensive and low-back pain, fibromyalgia, atrial fibrillation, decubitus ulcer, acid-related stomach disorders, hepatitis C, irritable bowel syndrome, inflammatory bowel disease, osteoarthritis, osteoporosis, urinary incontinence, obesity and depression
- High-risk care management
- Hospital-based diabetes management

THOUGHT LEADER

Healthways partners with leading organizations and institutions such as Pro-Change Behavior Systems, MIT AgeLab, Microsoft, Healthwise, Johns Hopkins and the Center for Information Therapy to design and develop next-generation healthcare approaches.

Healthways and Johns Hopkins host an annual Outcomes Summit, bringing together practicing physicians, physician executives and industry and subject matter experts from around the globe to tackle and reach consensus on selected healthcare issues, including:

- Specialty Referral Guidelines for Cardiovascular Evaluation and Management
- Standard Outcomes Metrics and Evaluation Methodology for Disease Management Programs
- Defining the Patient-Physician Relationship for the 21st Century
- Outcomes-Based Compensation: Pay-for-Performance Design Principles
- Improving Care Coordination Through Physician/Disease Management Collaboration

Individually, collectively, we are the Health/Care Trust ChannelSM guiding our customers and members from where they are today in the healthcare system to a better place ... a place that gives them the support they need when they need it ... a place that enables them to make the right choices ... a place of improved health outcomes ... a place that reduces healthcare costs. We do this one customer, one member at a time.

At Healthways,
we ...

Integrate &
Collaborate

Analyze & Innovate

Design & Develop

Engage & Deliver



HEALTHWAYS

Dr. Dexter Shurney was named Chief Medical Officer of Nashville-based Healthways in June 2006 after serving as the company's National Medical Director. Dr. Shurney has an extensive background in health care management and consulting, participating in opinion leader activities on the national and international levels throughout his 20-year career.



Shurney has distinguished himself as a leader in his profession in numerous ways. He was named in December 2006 to Tennessee Gov. Phil Bredesen's Diabetes Prevention and Health Improvement Board. He serves on the board of the American College of Medical Quality and represents ACMQ as the organization's delegate to the American Medical Association. Shurney is also an active participant with the National Association of Managed Care Physicians and for eight years served as the editor of the Journal of Managed Care Physicians.

He is a long-standing member of the International Federation of Health Funds. In addition to being an active participant in that organization's medical advisory panel, he had the privilege of representing the United States as a session speaker for the biannual IFHF meeting in Cairns, Australia. His international experience also includes consulting to the Philippine government and assisting in the implementation of quality and efficiency measures for an 18-hospital system in Lalawigan Ng Isabela Province for Gov. Benjamin G. Dy.

Prior to joining Healthways, Shurney served as a key strategist in health policy in the department of Global Government Affairs for the biotechnology company Amgen Inc. He is also the former chief medical officer and vice president of medical affairs for BlueCross BlueShield of Michigan. While there, he worked extensively with large employer groups on benefit design and in creating innovative strategies to improve cost and quality.

Shurney is board certified in preventive medicine, utilization review and quality assurance. He received his bachelor's degree from Loma Linda University and his medical degree from Howard University, Washington, D.C. He performed his internship and residency training at Wayne State University/ Detroit Medical Center and holds graduate degrees in business and in public health from the University of Detroit/Mercy College of Business and from the Medical College of Wisconsin, respectively.

March 3, 2007

Control spiraling health-care costs with prevention

By Dexter Shurney, M.D.

The numbers are staggering. Medicare spending is expected to double by 2016 to \$862.7 billion. Total U.S. health care spending is approaching \$2 trillion a year, and is also expected to double in the next 10 years.

Driving these increases is the treatment of chronic diseases such as cancer, diabetes, and heart and lung diseases. They are the leading causes of death in the U.S., and they are largely preventable – 80 percent of the risk factors are behavior-related. People smoke, eat too much, don't exercise. Their lifestyles dramatically increase the chances of developing deadly, costly diseases.

If our health care system could shift a small percentage of total spending into programs that help prevent people from getting sick in the first place, it would dramatically reduce the overall cost of care. And when people *are* sick, if we could target more resources to helping them manage their illness – rather than waiting for the next episode that requires hospitalization and treatment – we could simultaneously help reduce health care costs and create a country of healthier people.

One of the problems is that doctors, nurses and other care providers don't have adequate financial incentives to focus on prevention. There are some 15,000 reimbursement codes under our Medicare system, and only a handful of those are for preventive care. Rather, the system today is designed around treating patients once they become sick.

There are few, if any, patient education billing codes, for example, allowing providers to be reimbursed for helping educate patients about the importance of exercise, proper diet or other activities that promote health. When tests reveal patients are at risk of a chronic disease, physicians do not have an incentive to help them make the necessary changes to stay healthy. Of course, convincing people to change behaviors and live healthier lifestyles is easier said than done. But it *can* be done, and is being done by hundreds of thousands of people every day.

One of the best examples of systematic behavior change can be seen in the way diabetes is now treated. When someone is diagnosed with diabetes, it is not a death sentence. Persons with diabetes can live long and healthy lives if they manage their blood

glucose levels carefully, get exercise and maintain a healthy diet. The problem is that many need a support system, a coach, an advocate to help them stay on track.

We can see that prevention works. It is not a simple fix; but if we continue to work carefully to support individuals in making the necessary changes to live healthier lives, we will be making an investment in people that will have a very positive impact, on their health, and on the bottom line.

(Dr. Shurney is chief medical officer of Nashville-based Healthways, and a member of Gov. Phil Bredesen's Diabetes Prevention and Health Improvement Board)