3M and HealthGrades Team Up to Help Hospitals Assess, Improve and Report Quality

HealthGrades will use 3M APR-DRG Software to Expand Provider Performance Measurement for Hospitals, Employers, Payers, and Consumers.

3M Health Information Systems announced today that it will collaborate with Health Grades, Inc. (OTCBB:HGRD) to provide its coding expertise and process improvement services in conjunction with HealthGrades' clinical quality improvement services. The new offering, called the Quality Excellence Program, integrates two proven products that help hospitals assess performance and improve in two critical areas: the quality of care delivered and the accuracy of the patient data that is publicly available and utilized by employers, payers, and consumers to identify the best hospitals.

The Quality Excellence Program helps hospitals improve quality and outcomes, while establishing specific coding and patient classification standards, and achieving more efficient workflow and processes. The goal is improved patient care, appropriate reimbursement for the hospital, and precise performance results that accurately account for variances related to patients' severity of illness and risk of mortality.

In addition, HealthGrades will license 3M All Patient Refined DRG (APR-DRG) Software to measure hospital performance and expand the provider quality ratings that it provides to employers, payers, and consumers. HealthGrades Hospital Report Cards(TM), available at [www.healthgrades.com, are accessed by millions of consumers nationwide seeking to make better, more informed health care decisions.](www.healthgrades.com)

3M APR-DRG Software supports comparative profiling and quality assurance by measuring clinical performance and identifying statistical differences in severity, mortality, resource use and patient care across health care organizations. It is the industry's leading severity of illness and risk of mortality classification system, used to measure provider quality in more than 2,000 health care settings nationwide, including state agencies, state hospital associations, and business coalitions in 25 states.

"Health care providers, payers, regulatory agencies, and consumers are demanding reliable and meaningful data to measure and manage clinical performance," said Norbert Goldfield, M.D, medical director for 3M Health Information Systems. "If provider performance ratings are to be an accurate indicator of care quality, any analysis must account for the patient's severity of illness and risk of mortality. By working with HealthGrades to expand their published hospital performance profiles, we can enable greater choice by consumers."

"As our mission, HealthGrades is certain that the public profiling of hospitals helps consumers, employers, payers, and physicians make more informed choices regarding health care quality," said Kerry Hicks, President and CEO of HealthGrades. "In a recent HealthGrades survey conducted by an independent third party, we found that, of those consumers hospitalized in 2003 that did not arrive by ambulance, forty percent (40%) considered provider quality ratings when choosing a hospital for their care. This serves to reaffirm the substantial pressure on hospitals to improve quality in order to compete in today's quality-driven environment. Our alliance with 3M Health Information Systems is about helping hospitals compete by both improving clinical performance and increasing awareness of excellence."

About HealthGrades

Health Grades, Inc. is the leading independent healthcare quality company, providing ratings, information, and advisory services to health care providers, employers, health plans, and insurance companies. HealthGrades

works with health care providers to help assess, improve and promote their quality. HealthGrades provides consumers access to information about health care providers and practitioners through its Web site and provides liability insurers, employers, and payers with critical information about health care quality. More information about HealthGrades is available at www.healthgrades.com, and by calling 303 716-0041.

About 3M Health Information Systems

3M Health Information Systems, part of the 3M Health Care family, is a leading provider of advanced software tools and services that help health care organizations capture, classify, and manage accurate health care data. Built on a foundation of more than 20 years of clinical, financial and administrative expertise, 3M HIS products help ensure the quality of data, which drives an organization's ability to manage revenue, comply with regulations, improve quality of patient care and manage resources effectively. 3M Health Care, the largest of 3M's seven major businesses, serves medical, dental, pharmaceutical and personal care markets. 3M is a $18 billion diversified technology company with leading positions in health care, safety, electronics, telecommunications, industrial, consumer and office, and other markets. More information about 3M Health Information Systems is available at www.3Mhis.com, and by calling 800-367-2447.

About 3M -- A Global, Diversified Technology Company

Every day, 3M people find new ways to make amazing things happen. Wherever they are, whatever they do, the company's customers know they can rely on 3M to help make their lives better. 3M's brands include icons such as Scotch, Post-it, Scotchgard, Thinsulate, Scotch-Brite, Filtrete, Command and Dyneon. Serving customers in more than 200 countries around the world, the company's 67,000 people use their expertise, technologies and global strength to lead in major markets including consumer and office; display and graphics; electronics and telecommunications; safety, security and protection services; health care; industrial and transportation. For more information, including the latest product and technology news, visit www.3M.com.

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