



Bluegate Applauds Stark Law Rule Change Allowing Provision of Health IT for Nation's Physicians

Bluegate Medical Grade Network is 1st Private Sector Solution Operational Under New Rules

Houston, TX – August 3, 2006 – Bluegate Corporation (OTCBB: BGAT) praised the August 1 decision by federal officials to amend the Stark Law to allow hospitals and certain other organizations to donate e-prescribing (eRX) and electronic health records (EHR) technology and support services to physicians. The U.S. House of Representatives last week also passed a measure (HR 4157 “The Health IT Promotion Act of 2006”) aimed at removing legal barriers to the provision of IT technology to physicians.

Some of the largest obstacles to the Bush administration’s goal of nationwide adoption of EHR by 2014 and the health care industry’s need to create interoperability are the financial and IT limitations of physician practices where more than 80% of patient care takes place.

“As a first mover and creator of the country’s first medical grade network, we’re pleased to see that the Centers for Medicare & Medicaid Services (CMS) have cleared up the ‘gray area’ of hospitals providing IT infrastructure and support to physicians with a definitive regulatory change,” said Bluegate CEO Manfred Sternberg who is also an appointee by Texas Governor Rick Perry to the Southern Governors Association (SGA) Gulf Coast Health Information Technology Task Force as well as a member of the State of Texas Health IT Advisory Committee. “The cornerstone of Bluegate’s business model was validated by CMS’s regulatory change that clearly permits hospitals providing the proper building blocks for interoperability to physicians, as it will speed a functional adoption of electronic health records and electronic prescriptions that can reduce medical mistakes and costs, as well as improve the quality of care.”

Sternberg stated, “Interoperability and the IT infrastructure necessary to support EHR and other health technologies require sophisticated leading edge IT concepts and components beyond the in-house expertise of most medical practices. Hospitals and HCOs are in the ideal position to adopt these leading edge solutions from Bluegate and provide the appropriate IT to physicians as it encourages rapid adoption and ensures system and data compatibility with the physicians. Additionally it assures that the systems are populated with the data necessary to serve patients and enables the secure sharing of patient health information.

Bluegate developed the Bluegate Medical Grade Network™ (MGN) which exemplifies the successful application of CMS’s new rules. Bluegate is the U.S.’s **first private sector solution** that has been contracted and installed with hospitals and other health care organizations, providing outsourced health care IT solutions, professional IT consulting services and Medical Grade Networks to hospitals /HCOs and their credentialed physicians. During the past two years, Bluegate has aggregated more than 1,100 physicians onto the Bluegate Medical Grade Network with the IT services and system costs defrayed by one of the nation’s largest hospital systems based in Houston.

Bluegate’s HIPAA-compliant MGN and outsourced IT services enable physician practices to utilize digital technologies for collaboration with other health care providers. At the same time, it enables hospitals and HCOs to push their software platforms and information systems data, including billing, eRX and electronic medical records (EMR) to the physician practices, while maintaining the security of their IT networks all the way to the “edge” of the network where the physician practices reside. This integrated approach to providing technology increases the productivity of the hospital/HCO and medical practice, reduces costs and improves the standard of health care for patients throughout the continuum of care.

About Bluegate

Bluegate Corp. is an industry leader of outsourced health care IT solutions and pioneer of Medical Grade Networks™ and remote management services. It provides IT consulting through its professional services division and HIPAA-compliant turnkey managed security services and interoperability solutions across its Medical Grade Networks™ to hospitals, physicians, other health care facilities, RHIOs, HCOs and third-party solution providers. Bluegate is publicly traded on the over the counter bulletin board under the ticker symbol BGAT. For information, visit www.bluegate.com or call 713-686-1100.

Safe Harbor

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