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Study Concludes Vagal Nerve Blocking with EnteroMedics' vBloc Therapy is Cost-Effective

vBloc Therapy Cost-Effectiveness Analysis Published in the American Journal of Managed Care

ST. PAUL, Minn., Aug. 28, 2017 /PRNewswire/ -- EnteroMedics Inc. (NASDAQ:ETRM), a developer of minimally invasive medical devices to treat obesity, metabolic diseases and other gastrointestinal disorders, today announced that a cost-effectiveness study analyzing vBloc Therapy for the treatment of obesity was published in the American Journal of Managed Care on August 25, 2017.



The study concludes that vBloc Therapy for Class II and III obese patients with diabetes and Class III obese patients without diabetes is likely to be a cost-effective alternative to conventional weight loss therapy and that vagal nerve blocking represents good value for the money from the perspective of a U.S. payer.

Details of the study include:

- | Analysis was conducted on individuals who have not been successful with behavioral therapy or pharmacotherapy and who are seeking a weight loss alternative that is cost-effective, minimally invasive, and demonstrates favorable comparative safety
- | Model design incorporated both BMI class stratification and diabetes remission, as well as simulated cost and quality-adjusted life-year outcomes
- | Incremental cost effectiveness ratios (ICER) demonstrated vagal nerve blocking therapy to be cost-effective relative to conventional therapy

"Demonstrating health economics and financial benefits with vBloc therapy is imperative for prospective payers as they consider coverage decisions," said Dan Gladney, Chairman, President and Chief Executive Officer of EnteroMedics. "This publication brings us one step closer to increasing the accessibility to vBloc for the thousands of individuals who are seeking vBloc as a solution for obesity and associated comorbidities, but for whom the cost of the technology is prohibitive."

The study was led by Boston Health Economics in Waltham, Massachusetts. The full online publication can be accessed by visiting: <http://www.ajmc.com/journals/issue/2017/2017-vol23-n8/Cost-Effectiveness-Analysis-of-Vagal-Nerve-Blocking-for-Morbid-Obesity>.

About vBloc® Therapy

vBloc Therapy works to control sensations of hunger using a pacemaker-like device that is implanted under the skin during a safe, minimally invasive procedure that does not alter or remove any patient anatomy. The vBloc System is designed to give the patient a sensation of fullness, empowering them to eat less, control their appetite, and lose weight. Studies have shown that vBloc Therapy produces meaningful weight loss while also reducing comorbidity factors related to obesity.

vBloc Therapy is approved for use in people aged 18 years and older who are obese, with a BMI of 40 to 45 kg/m², or a BMI of 35 to 39.9 kg/m² with a related health condition such as Type 2 diabetes, high blood pressure, high cholesterol levels or obstructive sleep apnea who have had a poor response to trying to lose weight under supervision in the last 5 years.

About EnteroMedics Inc.

EnteroMedics is a medical device company focused on the development and commercialization of technology to treat obesity and metabolic diseases. vBloc® Neurometabolic Therapy, delivered by an FDA-approved pacemaker-like device called the vBloc® System, is designed to help patients feel full and eat less by intermittently blocking hunger signals on the vagus nerve. EnteroMedics recently acquired the Gastric Vest System™ through its acquisition of BarioSurg, Inc.

Forward-Looking Safe Harbor Statement:

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by the use of words such as expect, "plan," "anticipate," "could," "may," "intend," "will," "continue," "future," other words of similar meaning and the use of future dates. Forward-looking statements in this release include statements regarding the cost-effectiveness and value of vBloc Therapy and our goal of increasing the accessibility to vBloc. These forward-looking statements are based on the current expectations of our management and involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others: our limited history of operations; our losses since inception and for the foreseeable future; our limited commercial sales experience with our vBloc® System for the treatment of obesity in the United States or in any foreign market other than Australia and the European Community; the competitive industry in which we operate; our ability to maintain compliance with the Nasdaq continued listing requirements; our ability to commercialize our vBloc® System; our dependence on third parties to initiate and perform our clinical trials; the need to obtain regulatory approval for any modifications to our vBloc® System; physician adoption of our vBloc® System and vBloc® Neurometabolic Therapy; our ability to obtain third party coding, coverage or payment levels; ongoing regulatory compliance; our dependence on third party manufacturers and suppliers; the successful development of our sales and marketing capabilities; our ability to raise additional capital when needed; international commercialization and operation; our ability to attract and retain management and other personnel and to manage our growth effectively; potential product liability claims; the cost and management time of operating a public company; potential healthcare fraud and abuse claims; healthcare legislative reform; and our ability to obtain and maintain intellectual property protection for our technology and products. These and additional risks and uncertainties are described more fully in the Company's filings with the Securities and Exchange Commission, particularly those factors identified as "risk factors" in Exhibit 99.3 of our current report on Form 8-K filed July 26, 2017. We are providing this information as of the date of this press release and do not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

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