

# LABORATORY INDUSTRY REPORT®

Julie McDowell, Managing Editor, jmcowell@ioma.com

Vol. XII, No. 1/January 2008

## HIGHLIGHTS

### TOP OF THE NEWS

Competitive demo bids due in February ..... 1

Humana awards contract extensions ..... 1

### LEGAL PERSPECTIVE

Patent reform and labs ..... 2

### FROM THE ANALYSTS

Goldman Sachs points out challenges for Quest, LabCorp ..... 3

### INSIDE THE LAB INDUSTRY

Lab execs see strong 2008 for industry ..... 5

### TESTING HERE AND ABROAD

India's Lal PathLabs looks to outsource U.S. testing ..... 9

### FINANCIAL

Lab stocks up 17% in '07 ..... 11

### INDUSTRY BUZZ

Caris Diagnostics to acquire MPI ..... 12



## Competitive Demo Bids Due Feb. 15: CMS Confirms List of Excluded Cities

**S**an Diego-area laboratorians are beginning the New Year with a looming deadline—those required to submit bids for CMS's three-year competitive bidding demonstration project for lab testing services must have their proposals in by Feb. 15, 2008. Meanwhile, many laboratorians elsewhere in the country have reason to exhale. CMS has confirmed a list of metropolitan statistical areas (MSAs) where the second demonstration site is not likely to be located because these are the current sites of ongoing durable medical equipment demonstration projects (see box). *Continued on p. 4*

### MSAs Safe From Competitive Bidding Demo

- Charlotte-Gastonia-Concord, NC, SC
- Cincinnati-Middletown, OH, KY, IN
- Cleveland-Elyria-Mentor, OH
- Dallas-Fort Worth-Arlington, TX
- Kansas City, MO, KS
- Miami-Fort Lauderdale-Miami Beach, FL
- Orlando, FL
- Pittsburgh, PA
- Riverside-San Bernardino-Ontario, CA
- San Juan-Caguas-Guaynabo, PR

## Quest, LabCorp, Sonic Land Humana Contract Extensions

**T**he nation's fourth largest managed care company—Humana Inc. (Louisville, KY)—has signed multiyear contracts with both Quest Diagnostics (Madison, NJ) and LabCorp (Burlington, NC), as well as Sonic Healthcare USA (Austin, TX). These contracts, which are effective as of Jan. 1, 2008, extend current agreements to provide laboratory and testing services for the approximately 11.3 million Humana members.

While the financial terms of these contracts were not disclosed, these contracts follow a similar move by insurance provider CIGNA, who also signed multi-year agreements with Quest and LabCorp this past summer. In contrast, UnitedHealthCare (Minnetonka, MN) tapped LabCorp as its exclusive national provider in fall 2006, while Aetna has a preferred provider agreement with Quest. CIGNA has approximately 9 million members, compared to United HealthCare's 28 million and Aetna's 16 million members.

The extension of this U.S.-based contract is a boon for Sonic Healthcare, the Sydney, Australia-based lab company, which has been acquiring American labs at a rapid rate *Continued on p. 2*



## Contract Extensions, *from page 1*

in recent years, beginning with the 2005 acquisition of Clinical Pathology Laboratories in Austin, Texas. In 2007, the company purchased Mullins Pathology & Cytology Laboratory in Augusta, Georgia.

Sonic Healthcare USA President David L. Schultz declined to provide any contract details, except to say that “Humana is a company that we wanted to continue to do business with, and we are glad they included us in their plans.” For more coverage on managed care contracting and labs with an eye on the outlook for 2008 and beyond, read this month’s *Inside the Lab Industry*, on pg. 5. 🏠

## ‘First to File’ Patent Reform Efforts Underscore Labs’ Need to Protect IP

**M**ost labs with R&D interests are just on the cusp of exploring how to leverage their intellectual property (IP) assets for financial gain. But as both House and Senate versions of the Patent Reform Act continue to be debated in Congress, it’s important that labs understand the evolving legal complexities of IP protection, including avoiding costly patent infringement litigation, warned legal experts at Washington G-2 Reports’ Lab Law, Compliance & Liability Summit, held December 5-7 in Ft. Lauderdale, Florida.

There are approximately eight to 10 reform measures in both the House and Senate versions of the Patent Reform Act (S. 1145, H.R. 1908). These measures include overhauling the value of damages awarded in infringement suits, as well as changing from the current “first to invent system” to a “first to file system,” which is standard outside of the United States, explained Lab Law presenter J. Matthew Buchanan, a patent attorney with Dunlap Codding & Rogers, P.C. (Oklahoma City). This means that when there is a dispute over patent ownership,

the law would side with whoever filed for the patent first, rather than who was the first inventor. “This is important for companies looking to develop a strategic IP portfolio because all of a sudden it’s about speed,” he explained.

The first to file measure is the least divisive element in this contentious patent reform legislation, which increases the likelihood that this will become a reality in the future, said Buchanan. To prepare, labs need to set up efficient systems enabling them to build a strategic IP portfolio by focusing on what will bring

the best return on investment for inventions—whether it’s a patent or licensing agreement with another company. When a company deems that the patent route is the most appropriate, an efficient system will enable them to be the first one to the patent office.

Developing a strategic IP portfolio gives labs more leverage—and can bring in more money—through lucrative licensing agreements. A strategic portfolio also helps companies avoid patent infringement suits if they can sign a licensing deal

### Building a Strategic IP Portfolio: Five Things to Do Tomorrow

1. Review your portfolio
2. Review your invention disclosure form with your most and least prolific inventors\*
3. Review the IP section in your employee handbook\*
4. Review your competitor’s portfolio
5. Read a book on innovation

\*Important documentation for every company to have.  
Source: J. Matthew Buchanan

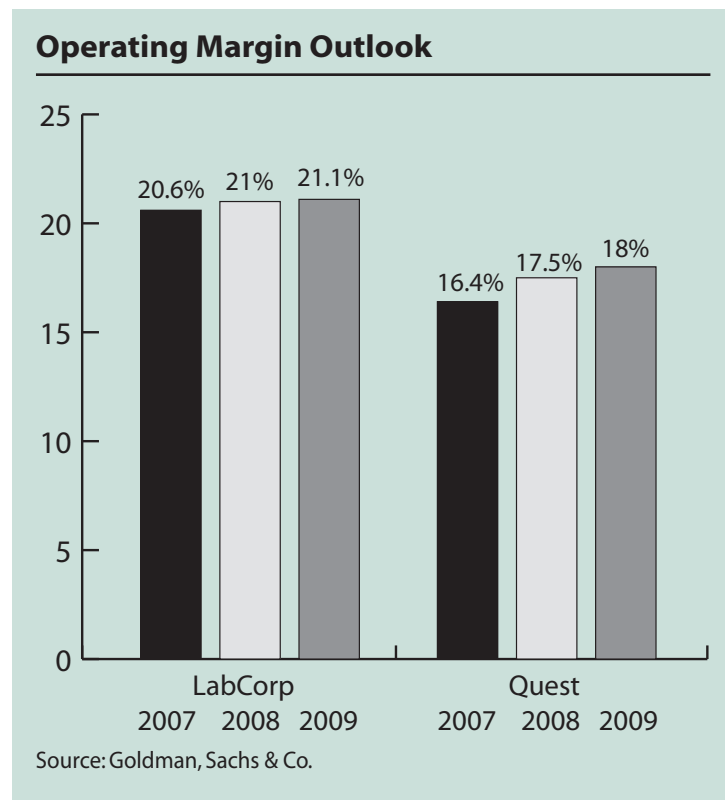


with the company threatening litigation. Infringement suits are guaranteed to result in costly legal fees, and a legal decision against a lab is likely to total in the millions. “More often than not, both sides are more interested in licenses than litigation,” said Buchanan. In any case, these changes will require labs to seek legal counsel from experts up to date on patent reform. “It’s important to really sit down with someone in the know,” he added. 🏛️

## Goldman Sachs Identifies Current Challenges, Future Growth for Quest and LabCorp

**B**oth Quest Diagnostics (Madison, NJ) and LabCorp (Burlington, NC) are facing strong financial headwinds, such as aggressive cost-cutting moves necessary to offset the threat of further downward pricing of managed care contracts, according to a recent report by Goldman Sachs (New York). The report, which initiated coverage of both companies, gave LabCorp a neutral rating and Quest a sell rating. However, the report cited positive longer-term growth, due to demand-driven volume growth and overseas expansion, particularly for Quest, which is currently building a laboratory in New Delhi, India, to be opened in 2008.

Current valuations for both companies are at a discount compared to historical averages, said the report’s analysts. The report noted that the LabCorp’s current low leverage position will allow for further consolidation, although the company’s \$500 million share buyback program—announced last November—indicates that the merger and acquisition outlook may not be viewed as attractive for the lab giant.



For Quest, the analysts indicated that management’s deleveraging plan following recent acquisitions is achievable by the second half of this year, with debt reduction and modest share repurchase contributing an estimated \$.03/share over the next two years. “We view the company’s higher leverage as potentially limiting access to capital over the near term as the industry continues to consolidate; however, the company is in a position to focus on integrating recent acquisitions and improving margins,” wrote the analysts, who added that they expect operating margins to be fully restored at 18% by 2009.

### Another Analyst’s Perspective

The Goldman Sachs analysts stated that for both companies, there remains potential for a leveraged buyout bid from the



private equity community. Another analyst, Eric Coburn, a principal with Shattuck Hammond Partners (New York), also agrees that the private equity firms continue to be interested in the clinical lab industry.

But when assessing the current state of the national labs, Coburn believes that reverberations from contracting changes continue to impact both LabCorp and Quest. “The impact of the managed care contracts appears to be continuing with regard to earnings,” he said. In terms of these contracts, it’s also unclear exactly how “exclusive” LabCorp’s contract with United is, he noted, adding that the insurance provider appears to be still contracting with a number of hospital outreach labs throughout the country, many of which have contracts with Quest. Therefore, leakage is still occurring.

“The whole thing is still sorting itself out,” Coburn added. 🏛️

---

## **Competitive Bidding Demo**, *from page 1*

At the December 5 bidders’ conference in San Diego, CMS released the final bidder’s package and addressed some of the questions and concerns about the evaluation process. According to CMS officials, 66 laboratories in the competitive bidding area (CBA) were invited to the conference. These are labs that are providing greater than \$25,000 annually in payment from Medicare for the over 300 demonstration tests provided to fee-for-service beneficiaries residing in the CBA. As of now, CMS officials have declined to state how many labs are expected to be required bidders. Labs supplying at least \$100,000 annually in demonstration tests for Medicare beneficiaries living in the CBA will be required to bid.

But at least one required bidder left the meeting confused about how to compile a realistic bid. Gary Stevens, co-owner of Oceanside-based Internist Laboratory, estimates that he probably only performs half of the 303 tests that are part of the demonstration project. “We are required to give a price on each of these tests because that goes in to how the composite price for the tests are configured,” he explained, adding that he will have to send the rest of the tests to a reference lab. “Therefore, I’m dependent on reference labs to give me a bid. But at the conference, Quest established the fact that the bid they give to other labs doesn’t have to be as low as the bid that they give to CMS.” If the reference lab gives him a higher bid than they give CMS for the same test, Stevens is afraid that he could lose the bid.

After presenting this concern at the conference, Stevens was advised by officials to negotiate a better rate from the reference lab. “I don’t have any negotiating power or leverage to get them to lower their bid to me since it’s to their advantage to knock me out,” he explained.

Stevens estimates that 65% of his business comes from Medicare fee-for-service, and he believes that his business is the only independent lab in the CBA. “The reference laboratories that do business outside of this area can bid low to clear all the small players out. But when you look at their bottom line, it won’t be as impacted as mine because my whole business comes from this area,” he added. “Those labs have business from the rest of the country to soften their bid, but I don’t.” 🏛️

## Outlook for the Lab Industry: Five Execs' Predictions for 2008

This year is expected to continue the growth seen in recent years, with a 6% to 7% increase in total lab industry revenues that will push the lab market to \$55 billion overall. This growth is largely attributed to aging demographics, continued growth from high quality pathology and lab medicine hospital outreach labs, regional labs, and the large commercial labs. But this year, labs will also face many of the same issues they have grappled with in recent years, including downward pricing pressure from managed care organizations and the CMS competitive bidding demonstration project. To get a sense of where the industry is and where it's heading, *Laboratory Industry Report* talked to laboratory executives, industry leaders, and analysts for their thoughts and predictions for 2008 and beyond. *LIR* found that while they have significant concerns, they are also optimistic about future growth possibilities.

### Off to a Healthy Start

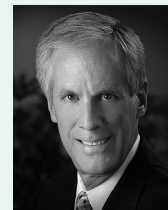
Most agree that the lab industry is currently in a strong position. "The lab sector is on target with our 10-year growth projections, which are about 6% year-to-year growth in the IVD companies and 8% in the labs," said Brian Buxton, principal and co-founder of Easton Associates (New York), a consulting firm that works on opportunity assessments and business strategies for management and investors in the diagnostics, lab testing, biotech, and medical device industries. "A number of events have happened in the past year or two around consolidation, and high visibility for molecular testing, companion diagnostics, and personalized medicine have really driven the interest in this sector," he explained.



David P. King

LabCorp CEO David P. King agrees that the financial health of the lab sector is good. "The lab industry should benefit not only from the aging population, but also from the increasing contribution of more esoteric testing for the improvement of healthcare," said King. "This dynamic should not change in 2008, if anything, prospects are likely to improve."

Another laboratory executive, Ronald L. Weiss, M.D., president and COO of ARUP Laboratories (Salt Lake City) agrees that the U.S. demographics are driving demand for high-quality pathology and laboratory medicine services, adding that hospital outreach labs, midsize regional independent labs, as well as the large commercial labs have all demonstrated growth that has mirrored the rest of the U.S. healthcare sector. He also sees niche and specialty labs as primed for growth. "Niche laboratories that focus on a limited repertoire of very esoteric services, such as molecular oncology and genetics, as well regional independent laboratories should continue to see significant growth opportunities," Weiss added.



Ronald L. Weiss, MD

## Pricing Under Pressure

Despite this optimistic sentiment about current and future growth potential, labs are confronting continued pressure by payers—particularly large private insurers and managed care organizations—to leverage lower reimbursement for testing services. Many in the industry trace this decline in pricing to LabCorp's win of an exclusive testing contract with United-HealthCare in 2006. To land this contract, experts speculate that LabCorp had to give United testing prices at 40% to 50% of the Medicare fee schedule. Shortly afterward, Aetna moved its business to Quest Diagnostics.

There continues to be deterioration in pricing as fallout from these contracting shake-ups, explained Dave Nichols, president of Nichols Management Group (York Harbor, ME), a clinical laboratory consulting practice. "There are going to be other small insurers who are going to demand the same pricing, and it wouldn't be unexpected to see a Medicare decline of 5% to 10% in the future," he added. The Medicare decline will depend on the results of the 2008 election. If Democrats control Congress, they are expected to be more amenable to the concerns and needs of the lab industry compared to Republicans, according to Nichols.



Michael Snyder

While the current pricing has been depressed throughout 2007, at least one industry insider believes that the downward trend has leveled out. "I do think the free fall is over and that we are at a new benchmark," said Michael Snyder, principal of Clinical Laboratory Business Solutions (Readington, NJ), pointing to the fact that Humana declined to sign an exclusive contract with any lab provider as evidence that the pricing decline might have ebbed somewhat, at least for now.

However, Snyder warned that there could be small price erosion this year as regional labs—particularly in the eastern part of the United States—begin renegotiating their managed care contracts. "They [managed care companies] are thinking if everyone else is going down in price, why shouldn't we go down," he explained. "They are thinking if I can go five points down, then that's a savings for my company, but nonetheless, they are going to go hard at all of the laboratories—big and small labs alike."

One defense to combat these pricing pressures is to work with both physicians and insurers to better manage effective lab services, said ARUP's Weiss. "To the extent that physicians and their laboratory providers can order and perform only those laboratory procedures that deliver effective, quality care without unnecessary costs, many insurers may be more receptive to optimally managing the total costs of the episode of care," he explained.

## More Consolidation, Joint Ventures Ahead

Year 2007 saw some key acquisitions and consolidation in the industry. Consolidation in the lab industry is expected to continue in 2008, sim-

ply because it has worked, at least so far. "As long as acquisitions can be made to work, they are going to continue," said Easton Associates' Buxton. "You get a better return when you acquire and consolidate another lab. However, I think the challenge for Quest and LabCorp will be that there are not as many attractive acquisitions out there today."



Brian Buxton

LabCorp's King also sees more consolidation and joint venture partnerships ahead. "I think that the pricing pressure from managed care and the government will ultimately lead to further consolidation, including joint ventures and partnerships," he explained.

The attractive acquisition targets for LabCorp and Quest are going to be mature outreach programs, according to Snyder, who also sees more consolidation—and concentration—in the lab industry.

Snyder believes that because of their recent pricing concessions in the managed care contracts, LabCorp and Quest are going to pursue alliance or network deals with regional and local labs. "I think that LabCorp and Quest are going to escalate their purchases of mature lab outreach programs," he explained. "I think they are going to go after those, and I think we are going to see some real increased competition at the health-plan level."

Health systems might also be looking at the financials of their laboratories, and wanting joint venture partnerships to grow profits, according to Nichols. "Health systems are going to realize that some of their labs are not as profitable as they think, and there will be more joint ventures to take advantage of the purchasing power and economies of scale of the national laboratories," he added.

### Competitive Bidding Set for 2008 Start

Another thorny issue labs will be forced to confront this year is the increasing likelihood that the CMS competitive bidding project for laboratory services will become a reality. Barring any Congressional repeal legislation, the project is moving forward, with bidder's applications due on Feb. 15, 2008. "Assuming that the demonstra-


tion project is not repealed by Congress before adjourning in December 2007, or in early January 2008, and, thus, goes forward to implementation, the major impact will be felt in the competitive bidding demonstration areas themselves—currently San Diego, Carlsbad, and San Marcos, California—but repercussions of uncertainty will be felt well beyond that

### G-2 Reports' 2008 Key Market Questions

- ❑ Will CMS's competitive bidding demo project prove disastrous for the San Diego lab market?
- ❑ How will managed care providers' continued margin pressure affect lab contracting decisions in 2008?
- ❑ Will Sonic Healthcare continue its U.S. acquisition spree? How will it approach integrating its recent purchases?
- ❑ As lab giants such as Quest open facilities in India, can widespread outsourcing of lab testing be far behind?
- ❑ Will direct-to-consumer marketing prove a valuable growth strategy for labs?
- ❑ How might an economic downturn and/or political changes that spur national health-care reform affect the laboratory industry?
- ❑ How will Wal-Mart's in-store health clinics impact the lab industry?

geographic area,” said Weiss. “Laboratory relationships at the local and the national level will certainly be disrupted by the demonstration.”

However the project plays out, Nichols doesn’t believe that CMS will proceed beyond the demonstration and enact nationwide competitive bidding for lab services. But he does believe it could have an impact on testing reimbursement. “CMS probably won’t proceed nationwide with competitive bidding, but I think it will give them more confidence to reduce fees,” he warned.

Looking ahead, Buxton believes that another important reimbursement issue centers around new tests coming on the market. Labs should be able to do the core panel of tests more inexpensively; therefore it’s the reimbursement of these new tests that are going to determine the future health of the industry. “I think the real question is what will be the reimbursement rates for the new tests,” he said. “These tests—including new molecular tests—need to be reimbursed at a certain level to make them attractive.” 

## **TrendWatch: What Labs Need to Follow in ‘08**

*LIR* asked its panel of insiders and experts what trends they are tracking in 2008, and here’s what they had to say.

**David P. King, CEO, LabCorp (Burlington, NC):** “Companion diagnostics and personalized medicine, both of which are largely dependent on lab testing.”

**Brian Buxton, principal and co-founder of Easton Associates (New York, NY):** “The two big things that I am watching are the evolution of molecular diagnostics and the growth of anatomic pathology. What I think is going to happen is that the 5,000 or so hospital labs not doing molecular right now are going to see molecular diagnostic systems that they can operate and would be attractive to acquire, and they will acquire these systems because it is critical for them to do these tests on-site.”

**David Nichols, president of Nichols Management Group (York Harbor, ME):** “As the number of acquisition candidates has dwindled, the national laboratories are going to have to rely upon new sales, upgrading of accounts, and strategic joint ventures to prosper. If you look at the entire lab industry, half of the industry is still generated from or related to hospitals and health systems; so for the national labs, it’s going to be essential that they begin to further penetrate that market.”

**Ronald L. Weiss, M.D., president and COO of ARUP Laboratories (Salt Lake City, UT):** “I am very interested in the move by large diagnostic imaging companies to merge with or acquire in vitro diagnostics companies. The blending of the disciplines of radiology and pathology, both of whom are image and data intensive, would seem to be a natural progression of this trend, with the emergence of such services as shared imaging and ‘in vivo diagnostics.’ Within pathology, we will continue to see a blurring of the lines between traditional laboratory medicine and anatomic pathology, with more traditional anatomic pathologists embracing laboratory medicine technology, especially in molecular diagnostics, to enhance their services, their practices, and their incomes.”

## India's Lal PathLabs Intent on Outsourcing United States Testing

Since it was infused with over \$7 million in venture capital funding in 2005, the New Delhi-based Lal PathLabs has been pushing an ambitious growth plan, a primary component of which is to acquire a United States lab to begin outsourcing diagnostic testing services for uninsured Americans to India.

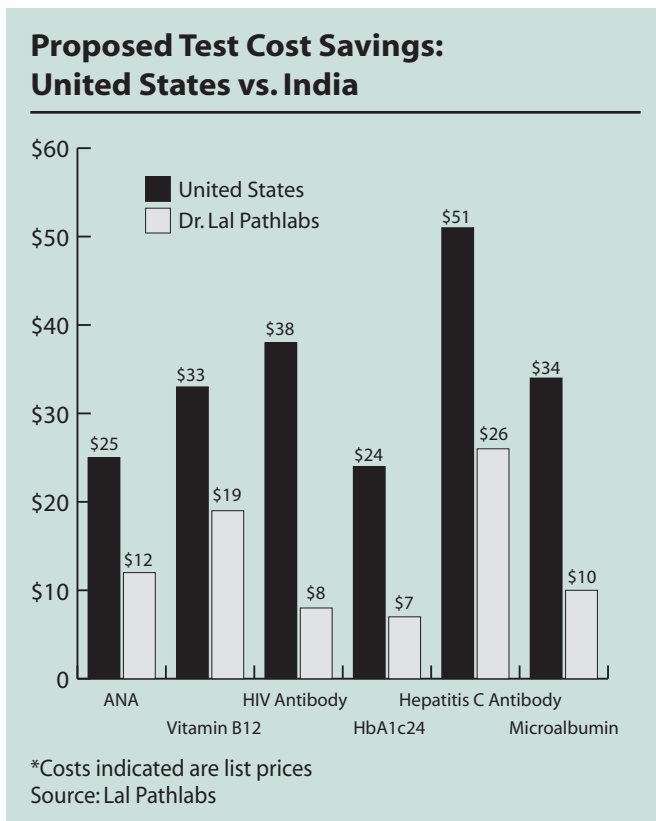
“We are willing to give United States customers testing services at 30% lower costs, and we will match industry standards in terms of turnaround times,” said Sachin Shetty, president of Lal PathLabs’ United States partner, Ssurepath Inc. (Ashburn, VA). “We understand that the entire \$40 billion United States lab testing market is not able to be outsourced, but we are trying to figure out a way to reach the 47 million or more uninsured Americans who have no way of getting diagnostic testing done. We haven’t exactly figured it out yet, but our goal is to be able to serve these people.”

Under both companies’ proposed delivery model, there would be two central Ssurepath facilities in the United States—a central lab and a consolidating facility. Critical and local samples would be picked up by Ssurepath couriers, while nonlocal samples would be picked up by UPS or DHL. Those samples that were

from Medicare patients would be transported to the Ssurepath Lab for processing, while non-Medicare samples would be shipped to the consolidation facility and then on to a Lal Pathlab facility in India for processing. For reporting, anatomic pathology slides would be shipped to customers while clinical pathology reports would be electronically transmitted over a secure server.

Currently, Ssurepath and Lal Pathlabs are not yet outsourcing any samples from the United States to India. Ssurepath is currently an anatomic pathology lab that receives about 1,500 samples a month that are processed at local labs. They are, however, doing outsourcing trials for some of their clients as they look for an appropriate CLIA-certified acquisition candidate in the United States. “We are not sending anything to India as of yet, and the reason for this is billing regulations, which mandate that we acquire a lab here in the

United States,” said Shetty. “Between Lal Pathlabs and Ssurepath, we are trying to acquire a lab in the United States, so we can be reimbursed by Medicare and other insurance providers. Other options are also now on the table. While we are looking for our own lab, we are also open to partnering with other labs.”





## Quest's Arrival to Promote Growth in India

In addition to their United States plans, Lal Pathlabs is also focused on growth in India. For example, plans are in place to increase the number of collection centers from 550 to 1,000 by 2009, according to O.P. Manchanda, Lal Pathlabs' chief operating officer.

The current pathology market in India is estimated to be about \$1 billion, with a projected annual growth rate of 15% over the next 10 years, explained Manchanda. But it's a highly fragmented industry with between 40,000 and 50,000 independent laboratories. These independent labs capture most of the market share revenues, with Lal Pathlabs coming in second, he added.

While Manchanda declined to reveal Lal Pathlabs' recent and projected annual revenues, he did say the company's revenue has grown annually between 30% to 35% over the past four years and is poised to continue at this growth rate in 2008.

One of the drivers behind this growth is the growing middle class in India, which is fueling the demand for more esoteric testing. Up until recently, Lal Pathlabs had been sending highly esoteric samples—an average of 100 per month—to Quest Diagnostics facilities in California for processing. But now that Quest is building a New Delhi lab, Manchanda hopes that the relationship, first established 13 years ago, will provide even more growth opportunities for Lal Pathlabs.

"From our standpoint, we welcome Quest's entry into India," said Manchanda. "We have been promoting Quest's high-end tests in India for the last 12 years.

We believe, as an industry player, we will further promote quality and expand the market."

In particular, there are three areas that Manchanda sees Quest impacting the lab industry in India. He believes that they will help build further awareness of the quality aspects of lab testing, as well as introduce more high-end tests—not currently done in India—that will help grow the market for central labs. Finally, he sees that Quest's

plans to do clinical trial testing will help boost the image of lab testing in India, something that will only help further Lal Pathlabs' plans in the United States.

"Quest's plans for clinical trials testing will help improve the perception of the quality of lab testing in India by Indian labs," said Manchanda. "We hope it will also smooth out many of the issues related to the international supply chain of biological samples." 🏛️

## India's Pathology Market: A Snapshot

- Pathology market in India: approximately \$1 billion
- Project annual growth rate of 15% for approximately 10 years
- Fragmented industry, between 40,000 and 50,000 independent pathology labs in India

## At a Glance

### India's Lal PathLabs Pvt. Ltd. (New Delhi)

- Established in 1949
- 23 satellite labs, 2 reference labs
- 550 sample collection centers, to be increased to 1,000 by 2009
- Test menu: 1,650 tests and panels
- 8,000 patients tested per day
- 750 FTEs



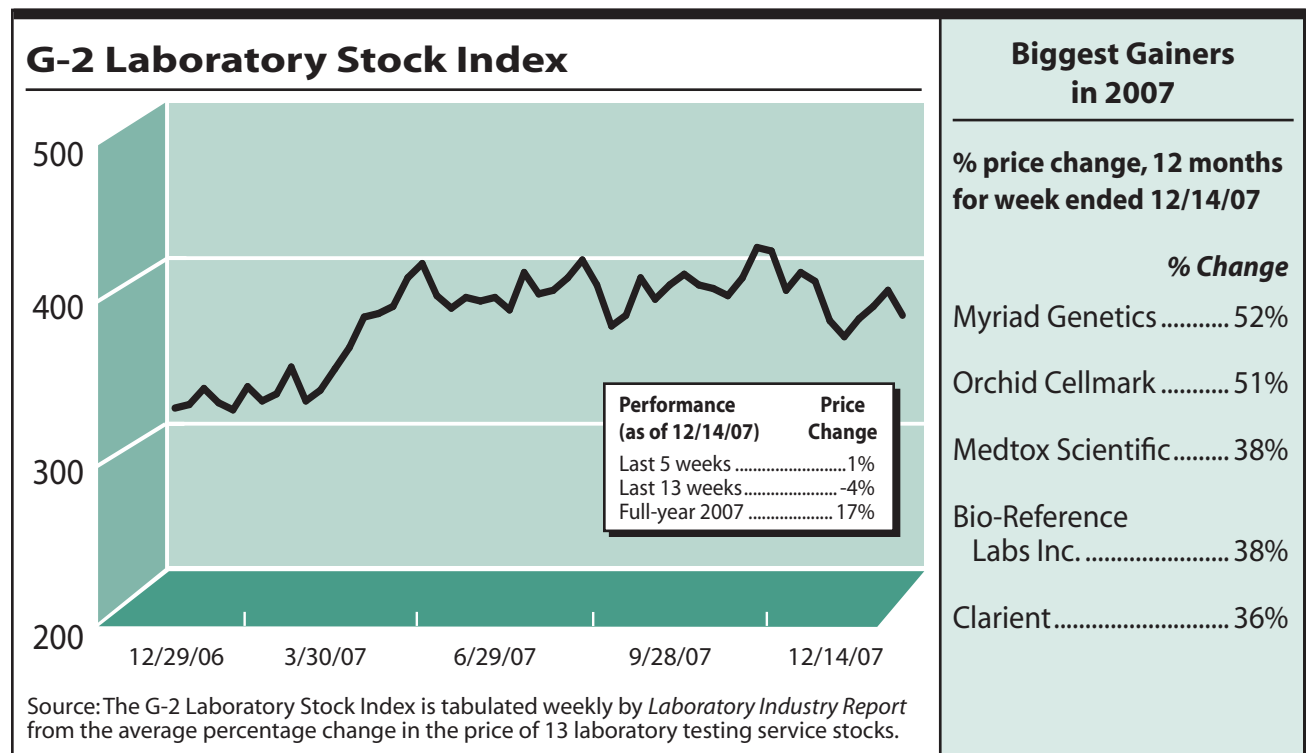
## Lab Stocks up 17% in '07, Two New Companies Added for 2008

Reflecting the overall health of the sector, the G-2 Laboratory Stock Index is ending 2007 up 17% from where it was approximately one year ago. The Nasdaq and S&P 500 are also up at the end of 2007, compared to the end of 2006. The Nasdaq is up 9.13%, while the S&P is up almost 3.5% for the year for the week ended Dec. 14, 2007.

Top performers for 2007 were led by **Myriad Genetics** (Salt Lake City), whose stock was up 3% to \$46.58 per share over the past four weeks. Compared to the same time the previous year, Myriad's stock showed a 52% increase. Another 2007 leader also showed posted gains; **Orchid Cellmark's** (Princeton, NJ) stock price was up 9% at \$5.01 over the past four weeks.

As the lab industry gets off to a strong start in 2008, *LIR* has added two companies to the Index. The first is **Neogenomics** (Ft. Myers, FL), a company specializing in molecular diagnostics for cancer who received CLIA certification for its new laboratory in Irvine, California, last March. The company has been growing in recent years and forecasts revenue of \$14 million to \$16 million for 2007. However, over the past four weeks, Neogenomics's stock has fallen 18% to \$1.21 per share for the week ended December 14.

The G-2 Laboratory Stock Index is also now tracking the biotech corporation **Genzyme** (Cambridge, MA), whose stock is up 3% over the past four weeks to \$74.87 per share. For the third quarter of 2007, the company's genetic diagnostic businesses reported a revenue increase of 19% to \$73.1 million, an increase from \$61.4 million from the third quarter of 2006, according to company reports. 🏢





## Caris Diagnostics to Acquire Molecular Profiling Institute

In pursuit of its rapid growth and expansion plans, Caris Diagnostics (Irving, TX) has announced plans to acquire Molecular Profiling Institute Inc. (MPI; Phoenix), a CLIA-certified molecular diagnostics company and reference laboratory focused on developing and commercializing novel molecular diagnostic tests based on genomic and proteomic profiling. Financial terms of the acquisition agreement were not disclosed.

The MPI acquisition is in line with Caris Diagnostics's plans to advance the commercialization of personalized medicine, said company chairman David D. Halbert in a prepared statement. "MPI significantly expands our ability to help ensure that through the right diagnosis, patients get the right treatment, in the right dosage, at the right time," he explained. "In addition, we are eager to help bolster MPI's capacity to partner with leading pharmaceutical companies and academic institutions in facilitating targeted drug development." 🏛️

### References in this issue

- ARUP Laboratories 800-522-2787
- Bio-Reference 201-791-2600
- Caris Diagnostics 866-588-3280
- Clariant 949-425-5700
- Dunlap Codding & Rogers, P.C.  
800-235 5925
- Easton Associates 212-901-0999
- Genzyme 617-252-7500
- Humana Inc. 800-4-HUMANA
- Internist Laboratory 760-724-9231
- LabCorp 800-334-5161
- Lal Pathlabs +91 (11) 2374-6426
- Medtox 651-636-7466
- Myriad Genetics 801-584-3600
- Neogenomics 239-768-0600
- Nichols Management Group  
207-363-8230
- Orchid Cellmark 609-750-2200
- Quest Diagnostics 800-222-0446
- Shattuck Hammond Partners  
212-314-0400
- Sonic Healthcare +61 (2) 985- 5222
- Ssurepath, Inc. 215-525-5553
- United Healthcare 800-328-5979

### LIR Subscription Order or Renewal Form

**YES**, enter my one-year subscription to the *Laboratory Industry Report (LIR)* at the rate of \$449/yr. Subscription includes the *LIR* newsletter and electronic access to the current and all back issues at [www.ioma.com/g2reports/issues/LIR](http://www.ioma.com/g2reports/issues/LIR). Subscribers outside the U.S. add \$100 postal.\*

AAB & NILA members qualify for special discount of 25% off — or \$336.75 (Offer code LIR11)

I would like to save \$180 with a 2-year subscription to *LIR* for \$718\*

**YES**, I would also like to order the *Lab Industry Strategic Outlook 2007: Market Trends & Analysis* for \$1195 (\$1095 for Washington G-2 Reports subscribers). (Report #1866C)

Check enclosed (payable to Washington G-2 Reports)

American Express       VISA       Mastercard

Card # \_\_\_\_\_ Exp. Date \_\_\_\_\_

Cardholder's Signature \_\_\_\_\_

Name As Appears On Card \_\_\_\_\_

Name/Title \_\_\_\_\_

Company/Institution \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

e-mail address \_\_\_\_\_

\*By purchasing an individual subscription, you expressly agree not to reproduce or redistribute our content without permission, including by making the content available to non-subscribers within your company or elsewhere.

**MAIL TO:** Washington G-2 Reports, 3 Park Avenue, 30th Floor, New York, NY 10016-5902. Or call 212-629-3679 and order via above credit cards or fax order to 212-564-0465. LIR 1/08

© 2008 Washington G-2 Reports, a division of the Institute of Management and Administration, New York City. All rights reserved. Copyright and licensing information: It is a violation of federal copyright law to reproduce all or part of this publication or its contents by any means. The Copyright Act imposes liability of up to \$150,000 per issue for such infringement. Information concerning illicit duplication will be gratefully received. To ensure compliance with all copyright regulations or to acquire a license for multi-subscriber distribution within a company or for permission to republish, please contact IOMA's corporate licensing department at 212-576-8741, or e-mail [jpjng@ioma.com](mailto:jpjng@ioma.com). Reporting on commercial products herein is to inform readers only and does not constitute an endorsement. *Laboratory Industry Report* (ISSN 1060-5118) is published by Washington G-2 Reports, 3 Park Avenue, 30th Floor, New York, NY 10016-5902. Tel: 212-244-0360. Fax: 212-564-0465. Order line: 212-629-3679. Web site: [www.g2reports.com](http://www.g2reports.com).

Julie McDowell, Managing Editor; Dennis Weissman, Executive Editor; Janice Prescott, Sr. Production Editor; Perry Patterson, Vice President and Publisher; Joe Bremner, President.

**Receiving duplicate issues? Have a billing question? Need to have your renewal dates coordinated? We'd be glad to help you. Call customer service at 212-244-0360, ext. 2.**