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LABORATORY INDUSTRY REPORT®

Julie McDowell, Managing Editor, jmcdowell@ioma.com

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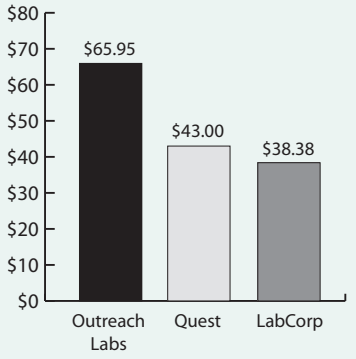
HIGHLIGHTS

G-2 Reports-Chi Solutions' Outreach Survey Indicates Labs Leading in Profitability Measures, Falling Short on Bad Debt and DSO

Outreach laboratories are enjoying 20 percent to 27 percent profitability, based on contribution margin or pretax income, compared to Quest Diagnostics' 13.7 percent and LabCorp's 17.8 percent for 2008, according to results from the 8th Annual National Outreach Survey, conducted by Washington G-2 Reports and Chi Solutions. Revenue per requisition is also up to $65.95 for 2008, compared to $43 for Quest (Madison, N.J.) and $38.38 for LabCorp (Burlington, N.C.). However, the survey of over 150 respondents found that outreach programs still have significantly higher days sales outstanding (DSO) and bad debt rates compared to the national competitors—two metrics under close scrutiny during this economic environment.

Outreach Labs Leading Competitors in Avg Rev/Requistion



Source: 8th Annual National Outreach Survey, Chi Solutions, www.chisolutionsinc.com

For more analysis on the survey, as well as a report from Lab Outreach 2009, read "*Inside the Lab Industry*," on pp. 5-7.

LabCorp Plans to Acquire Monogram Biosciences for Approximately $155 Million

Looking to expand its molecular diagnostic portfolio, LabCorp (Burlington, N.C.) has agreed to acquire Monogram Biosciences (South San Francisco, Calif.), a manufacturer of pharmacogenomic tests or companion diagnostics. According to the merger agreement, LabCorp will acquire all outstanding shares of Monogram in a cash tender offer for $4.55 per share for an implied total equity value of approximately $106.7 million, or a total enterprise value of approximately $155 million, which includes net indebtedness. The deal is expected to close by the end of the third quarter.

Monogram officials announced at the beginning of the year that 2009 revenues are expected to increase over 9 percent to between $66 million and $70 million, which means that the price per revenue multiple could be between 2.6x and 2.2x.

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LabCorp Plans to Acquire Monogram Biosciences, *from page 1*

The company is best known for its Trofile assay, which can be used to assist physicians in determining whether a patient with a history of HIV drug resistance will respond to the class of antiretroviral therapies known as CCR5 antagonist entry inhibitors. Last week, LabCorp's primary competitor, Quest Diagnostics (Madison, N.J.), launched its own lab-developed HIV tropism test that will compete directly with Trofile. Quest expects to report results for its new HIV tropism test within seven days of receiving a patient's specimen, compared to Monogram's Trofile turnaround time of approximately 14 days.

Monogram's test portfolio also includes its PhenoSense and PhenoSense GT HIV resistance tests. The company's oncology products include a proprietary method to assess HER-2 status in tissue samples.

Senate Bill Proposes 'Date of Service' Policy Change That Will Benefit Labs

The recently introduced Patient Access to Critical Lab Tests Act (S.1220) will revise a current Medicare billing regulation involving hospital patients receiving testing from independent laboratories within 14 days of discharge. The bill, introduced by Sens. Arlen Specter (D-Pa.) and Ron Wyden (D-Ore.), will help to alleviate access problems resulting from advanced diagnostic testing—often genetic and esoteric testing—that is ordered after a patient's stay in the hospital, say industry experts. A companion bill was introduced in the House in March.

Under Medicare's current regulation, the date of service for a laboratory test ordered less than 14 days after a patient's discharge from a hospital is the date on which the specimen was collected. This means that a lab test ordered less than 14 days after a patient is discharged is treated as having been performed when the patient was in or at the hospital. When a patient is in or at a hospital, the hospital must bill Medicare directly for services furnished when the patient was at the facility. Consequently, when a lab test is ordered within 14 days of discharge, the hospital, and not the laboratory, must bill Medicare for the service.

If this legislation passes, it will allow independent laboratories offering testing to bill Medicare directly without forcing the hospital into an unnecessary middleman role they do not wish to perform, according to Alan Mertz, president of the American Clinical Laboratory Association, which strongly supports this bill. "This bill corrects an antiquated Medicare rule so that patients can receive cutting-edge genetic and molecular diagnostic tests in time to make a difference," said Mertz. "Advances in lab medicine have enabled providers to be far more effective in targeting treatment for patients or in determining a patient's predisposition to a disease or condition. Many of these tests are not only helping to save lives but also reduce the cost of care."

Genoptix, Myriad Genetics Lead in G-2 Reports' First Quarter Benchmarking Analysis

For the beginning of 2009, San Diego-based Genoptix and Salt Lake City-based Myriad Genetics appear to be leading the publicly traded labs in two key benchmarking measures tracked by Washington G-2 Reports—revenue per full-time employee (FTE) and pretax income per FTE (see Table 1).

LIR recently analyzed these measures for 11 of the publicly traded labs for the first quarter of 2009 and found that hematology/oncology testing provider Genoptix is far outpacing the other labs in revenue per FTE at $119,149, a decrease of less than 1 percent compared to the first quarter of 2008. Following Genoptix in this category is Genzyme Genetics/Diagnostics at $75,644. Note that beginning in 2008, revenues and associated earnings from Genzyme's genetics and diagnostics business units were combined. Rounding out the top three leaders in the category was molecular diagnostic testing service provider Myriad Genetics with $73,700 in revenue per FTE, which is up almost 27 percent compared to the first quarter of 2008.

Q1 2009 Financial Benchmarks

	Revenue (in millions)	Full-Time Employees	Revenue/ Employee	Comparison to Q108	Pre-Tax Income (millions)	Pre-Tax Income/ Employee	Comparison to Q1 08
Quest	$1,808.0	42,800	$42,243	1.8%	287.51	$6,718	20%
LabCorp	$1,156.0	28,000	$41,286	-2.7%	226.20	$8,079	-7%
Bio-Reference	$77.3	1,484	$52,089	32.4%	6.20	$4,178	92%
Enzo Clinical Labs	$8.2	266	$30,827	-18.2%	-3.40	$(12,782)	-374%
Genzyme Genetics/Diagnostics	$129.2	1,708	$75,644	12.1%	n/a	n/a	n/a
MedTox Scientific	$20.6	582	$35,395	-20.0%	0.66	$1,134	-79%
Monogram Biosciences	$14.2	382	$37,173	-4.1%	n/a	n/a	n/a
Myriad Genetics	$73.7	1,000	$73,700	26.6%	14.70	$14,700	253%
Psychemedics	$4.1	94	$43,617	-28.1%	0.68	$7,234	-55%
Orchid Cellmark	$13.9	410	$33,902	-4.1%	-1.00	$(2,439)	60%
Genoptix	$39.2	329	$119,149	-0.6%	10.60	$32,219	18%

Note: Myriad Genetics first quarter ended Sept. 30, 2008; Enzo Clinical Labs first quarter ended Oct. 31, 2008.
Source: Washington G-2 Reports and company filings.

For the second productivity measure tracked in this recent benchmark analysis—pretax income per FTE—Genoptix was also in the lead with $32,219, a jump of 18 percent compared to the same quarter last year. Myriad Genetics followed Genoptix in this measure with $14,700, which was an over 200 percent increase compared to the first quarter of 2009. Following Myriad was the country's second largest testing provider, LabCorp (Burlington, N.C.). Pretax income per FTE was $8,079, a decrease of 7 percent compared to the first quarter of 2008.

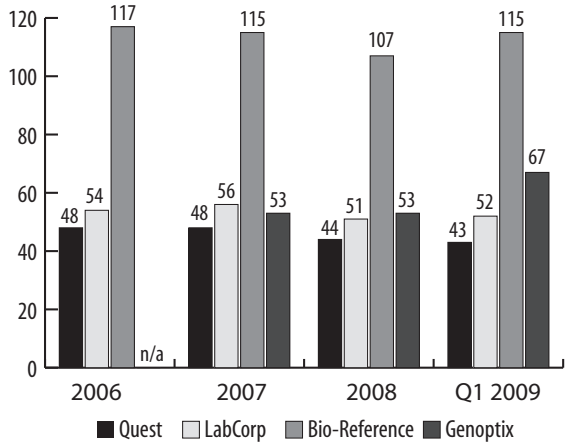
Bad Debt, DSO Remain a Focus

Labs are mostly likely to feel the impact of the current recession in escalating bad debt expense rates and days sales outstanding (DSO). In addition, the lab executives and Wall Street analysts predicted even more pressure in these areas in the first quarter of 2009, as insurance premiums reset (and often at higher rates than in 2008) with the beginning of the new year.

For DSO and bad debt, G-2 analyzed figures for the country's three largest full-service clinical laboratory testing providers—Quest Diagnostics (Madison, N.J.), LabCorp, and Bio-Reference (Elwood Park, N.J.)—as well as specialty testing provider Genoptix, a relative newcomer that has experienced rapid growth since its initial public offering in 2007.

In terms of DSO, all the labs—with the exception of Quest—experienced varying bumps for the first quarter of 2009 compared with the current DSO at the end of 2008. Genoptix experienced the biggest increase to 67 from 53, followed by Bio-Reference at 115 for the first quarter compared to 107 at the end of 2008. LabCorp only experienced a one-day increase of 52 from 51, while Quest had a one-day decrease from 44 to 43 in the first quarter.

DSO, Bad Debt Up and Down for Labs in Q1



Source: Washington G-2 Reports and company filings.

With the exception of Genoptix, all the large full-service labs in the United States experienced an increase of bad debt compared to the average bad debt expense in 2008. Quest increased from 4.3 percent to 4.5 percent this quarter, while LabCorp's bad debt increased from 6.2 percent average by the end of 2008 to 5.32 percent for this quarter. Finally, Bio-Reference, which has tended to have the highest bad debt expense rate among these labs, experienced an increase to 14.5 percent in the first quarter of 2009 compared to 13.3 percent average by the end of 2008. Genoptix held steady at 3 percent.

Psychemedics Teams With UK's Bupa to Market Hair Analysis Assay

Acton, Mass.-based drug testing provider Psychemedics will market its hair analysis diagnostic services in the United Kingdom through a recently announced agreement with Bupa Wellness, the health assessment division of one of the largest health care providers in the country. Bupa Wellness currently offers urine and oral fluid testing, and will now be offering Psychemedics hair analysis testing services in its workplace screening programs—whether pre-employment, random, or related to specific incidents.

This expanded marketing effort comes at one of the most challenging times for Psychemedics, as the recession-related decline in employment levels—and pre-employment screening—has slowed volume growth. Results for the first quarter of 2009 revealed a 39 percent drop in revenue to $4.1 million from $5.7 million for the first quarter of 2008. Year-end results were also down for the company—revenue for 2008 was down 7 percent to $23 million compared to almost $25 million in 2007.

"There is no question that these are tough and challenging times," said CEO Raymond C. Kubacki. "However, we have been through tough and challenging times before. While the current situation may be more severe, we, nonetheless, have learned to manage our business in difficult environments. Our focus is on maintaining our profitability and positioning our company for strong long-term growth."

Washington G-2 Reports-Chi Solutions' Latest Survey Finds Outreach Lab Profitability Over 20% and Annual Revenue Growth Over 3%

A majority of hospitals are seeing a moderate or significant decline in their financial health versus last year, with over 40 percent of hospitals expecting to report losses in the first quarter of 2009, according to over 1,000 responses to a survey of American Hospital Association members taken earlier this year. But outreach hospital laboratory operations appear to be weathering the recession. Analysis of data from over 150 respondents to the 8th Annual National Outreach Survey revealed that these labs boast an average profitability, as measured by contribution margin or pre-tax profit, of between 20 percent and 27 percent and year-over-year revenue growth of 3.2 percent for 2008. The findings of this survey, which was conducted by Chi Solutions (Ann Arbor, Mich.) and Washington G-2 Reports, were announced by Chi Solutions' president Kathleen Murphy, Ph.D., on June 9 at Lab Outreach 2009 in San Diego.

"The typical outreach program is really doing better year after year and becoming more competitive with Quest and LabCorp," said Murphy. The survey's results indicate that outreach labs are ahead of the national competitors in the profitability measures (see Table 1). Compared with outreach's 20 percent to 27 percent profitability, Quest Diagnostic's (Madison, N.J.) profitability is at 13.7 percent while LabCorp's is at 17.8 percent. But Quest and LabCorp are leading revenue growth in comparison to the outreach labs in this survey. In terms of volume growth, outreach labs are trailing the national labs. Based on the survey's results, outreach labs are down over 2 percent, Quest is down less than 1 percent, while LabCorp is enjoying a growth of over 9 percent.

Outreach Labs vs. National Competitors *(Based on Average Survey Data)*

	Outreach Programs	*Quest*	*LabCorp*
Revenue per Requisition	$65.95	$43.00	$38.38
Volume	-2.2%	-0.4%	9.8%
Revenue Growth	3.2%	8.1%	10.7%
Profitability	20-27%	13.7%	17.8%
Bad Debt	10.0%	4.8%	5.3%
DSO	58 days	44 days	51 days

Source: 8th Annual National Outreach Survey, Chi Solutions, www.chisolutionsinc.com

In this current economic environment, days sales outstanding (DSO) and bad debt rate are under close scrutiny. Compared to the national labs, outreach programs are lagging behind—with an average bad debt rate of 10 percent, compared to Quest's 4.8 percent and LabCorp's 5.3 percent. Average DSO is also higher at outreach programs—58 days compared to Quest's 44 and LabCorp's 51. "Bad debt is a problem, and everyone is struggling with it," said Murphy. However, she added that bad debt and DSO figures have actually

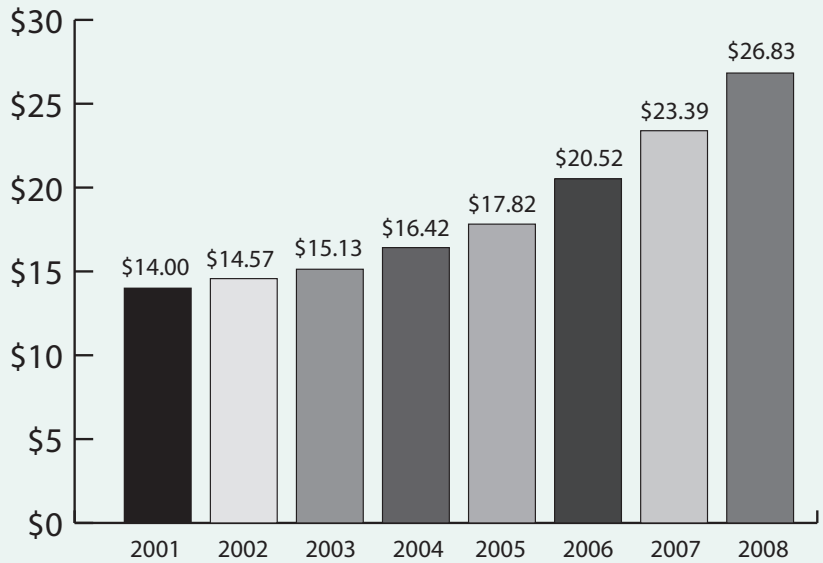
improved for outreach programs compared to survey results related to 2007, when average DSO was 64 and average bad debt was 13.2 percent.

One of the reasons for these high benchmarks is that outreach labs are forced to use hospital billing systems that are not focused on the unique needs of the laboratory and often write off many of the lab's lower balances. "If you are going to have an outreach program, you really should outsource your billing that closely tracks benchmarks like DSO and revenue per requisition," said Murphy, adding that it's a problem if your average revenue per requisition is the same amount as the hospital's write-off amount.

In fact, average revenue per requisition is another benchmark where outreach labs are outpacing the national labs in 2008—currently at $65.95 for 2008 versus $43 for Quest and $38.38 for LabCorp. Average net revenue per testing has also been on the climb in recent years, now at $26.83 for 2008, up from $23.39 in 2007 and $20.52 in 2006 (see Figure).

Other positive news from the survey revealed that all merger and acquisition activity is not completely dormant, although it is slow. Fifteen percent of respondents indicated that they are contemplating growth via the acquisition of a lab or outreach program, although 72 percent said they were not contemplating acquisition at this time. Conversely, only 10 percent said that their lab had been approached about selling their outreach program to a competitor (versus the almost 90 percent who responded no). When asked about the likelihood that their outreach program would be for sale, almost 88 percent responded that this wasn't likely, 9 percent said somewhat likely, and only 3 percent said that a sale was likely.

Average Outreach Net Revenue Per Testing on the Rise



Source: 8th Annual National Outreach Survey, Chi Solutions, www.chisolutionsinc.com

Another trend that Murphy noted from the survey was a move to market other hospital services along with the laboratory, which is known as integrated or blending programs. Of the 28 percent who responded yes to this question, over 71 percent were marketing imaging services, 19 percent

were selling cardiology, and slightly over 9 percent were marketing occupational therapy services along with testing. This is an important strategy that hospitals can use to leverage client services and billing infrastructure, said Murphy, adding that the contribution margin of some of her outreach clients who operate a blended program is two or three times that of those who offer lab-only testing services. "The national labs will never be able to compete with outreach labs who offer these integrated services," she added.

Legal Watch for Outreach Labs

Hospital laboratories must keep in mind the role they are playing when performing testing, Peter Kazon, an attorney with Alston & Bird, advised participants at Washington G-2 Report's Lab Outreach Conference.

Different requirements will apply depending on whether the lab is acting as a hospital lab or as an outreach lab, he noted. For example, a hospital laboratory has to bundle testing while an outreach laboratory can bill Medicare directly. He also said that billing requirements for anatomic pathology services can vary depending on the role the lab is playing. For services provided to hospital outpatients, the pathologist would bill the professional component separately while the technical component would be billed and paid under the ambulatory payment classifications (APC). For nonhospital, or outreach, patients, the hospital may be able to bill globally, depending on the arrangement with the pathologists.

The C-Suite Perspective: Building a Business Case for Outreach

For outreach programs to grow and thrive, industry experts at the conference emphasized that labs need the support of senior hospital executives. In a keynote presentation titled "Know Your Numbers," Michael Metzler, the former COO of St. Elizabeth's Medical Center (Boston) and CEO of St. Anne's Hospital (Fall River, Mass.), provided a valuable window into the mind of a CEO considering a move into outreach testing. Metzler prefaced his discussion of how to make the business case for outreach with a warning. "The lab must have a reputation for excellence before outreach can be sold to the CEO," he said. "Weaknesses must be fixed before making the case for outreach."

As for how to make that case, Metzler laid out the key components of a business plan. In addition to the typical elements of projected revenues, costs, capital needs, and cash flow over five years, he advised including an operational plan. "You really need to show that you've got the specifics down really well by including tasks, timelines, and assignments." Metzler also recommended balancing conservative revenue estimates with "realistically aggressive" estimates for items such as courier service, IT, training, and sales and marketing staff. "You're not going to have a good outreach program if you don't have a sales staff," he added.

Another vital component to an outreach business case is a market analysis that outlines specific strategies for acquiring volume. "As a CEO, I would expect to hear the story, not just the numbers," said Metzler.

The outreach "story" can be enhanced through such selling points as the potential for bundling of outreach lab testing with other ancillary services such as imaging and the attractiveness of the hospital electronic medical record (EMR). Finally, the outlook for outreach is bright thanks to several drivers, including EMRs, patients' online access to medical records, universal coverage, changing demographics, and, yes, capitation.

"It's capitation but with a check on balance and quality," said Metzler. "There's a feeling that it will control health care costs and create a much greater demand for diagnostic testing to reduce hospitalizations. Capitation also gives you an opportunity to work with physicians on utilization."

Agendia Boosts MammaPrint Sales Effort Through CLIA Lab Launch, Sales Force Expansion

Daniel Forche, Vice President of Sales and Marketing

With the recent opening of a 3,500-square-foot CLIA laboratory in California, the Amsterdam-based molecular diagnostic cancer testing manufacturer Agendia appears to be increasing its efforts to drive adoption of its MammaPrint test in the United States. The Amsterdam-based company also plans on doubling its sales force this year in the United States to increase this year's MammaPrint volume, said Vice President of Sales and Marketing Daniel Forche, who started with the company last year.

"We aim to be at least 10 percent of Genomic Health's Oncotype DX volume this year, and even a larger percentage in 2010," said Forche. MammaPrint's primary competitor is the Oncotype DX test, which is offered by Genomic Health (Redwood City, Calif.) and boasts wide reimbursement and market adoption. In 2008, Genomic Health delivered 39,600 Oncotype DX tests results, a 62 percent increase over 2007. The company is projecting to deliver results of between 50,000 to 53,000 Oncotype test results this year, meaning that Agendia's projected volume for MammaPrint is 5,000 to 5,300. Similar to MammaPrint, the Oncotype DX test also uses genetic analysis to assess chemotherapy benefit and recurrence risk for early-stage breast cancer. The Oncotype DX is a laboratory-developed test that has not been reviewed by the Food and Drug Administration (FDA), and depending on what happens with the agency's current in vitro diagnostic multivariate index assay (IVDMIA) draft guidance, the test may be subject to increased oversight in the future.

The molecular diagnostic cancer testing market is currently valued at $3.1 billion, with cancer and genetic testing making up $900 million of this total. MammaPrint, which utilizes a 70-gene expression profile to help tailor breast cancer therapy treatment decisions, has been on the market since last year, after it was the first IVDMIA assay to be cleared by the FDA in 2007. The CLIA lab in Huntington Beach, Calif., will help to keep turnaround time for the test to seven days. An expanded sales force is also planned for this year. The current sales staff total over a dozen and are focused on the major cancer testing markets of Los Angeles, San Francisco, Ohio, Texas, Chicago, Florida, and New York, said Forche, who added that Agendia plans to double the sales force this year, moving deeper into these markets, as well as other geographic areas. This will hopefully drive volume growth to the point where Agendia will need to move out of its current facility into one with a larger footprint. "We want to grow out of the Huntington Beach lab very quickly," said Forche.

Reimbursement Hurdle

The retail price of the test is currently $4,200 and is reimbursed only by a handful of insurance providers. But expanded coverage is obviously a key to driving adoption, said Forche, adding that Agendia is in talks with a variety of payers. Coverage will only be helped with the establishment of a CLIA lab, said Forche. The increased reimbursement coverage will make MammaPrint more competitive with the Oncotype DX test, which is widely reimbursed. "We're talking

about the potential of testing 200 million patients with a wide range of payers, and based on the positive feedback we are receiving, we are optimistic wider reimbursement should be forthcoming," he added.

Agendia's Forche believes that there is great potential to build a family of diagnostic products based on the MammaPrint FDA-cleared high-density chip. The current microarray for MammaPrint reads the expression of 5,600 genes which are the signature of 70 reporter genes in threefold, in addition to 231 reference and 454 quality-control genes printed multiple times, ensuring test robustness. But there is enough real estate to read more than 15,000 genes, according to Forche.

"We're just starting to find out what's going on with these genes," he said. "That's a lot of real estate related to the genes, and we can continuously build products on these expression capabilities." For example, this fall, Agendia plans to offer a product that provides basal, luminal, and HER2 subtyping of breast cancers.

Another product Agendia is moving toward the market is Coloprint, which is similar to MammaPrint, except that it is a genomic test that detects which colorectal cancer patients are likely to benefit from chemotherapy. Interestingly, Genomic Health is also in the midst of validation studies for the colon cancer version of the Oncotype DX test.

Agendia expects to submit the test to the FDA for IVDMIA clearance in 2010. Genomic Health officials appear not to be planning on submitting their colon test for FDA review, as they have indicated that the test should be on the market by early 2010.

Given the current leadership change at the agency, and resulting stall of the IVDMIA guidance document, the path to FDA clearance could be delayed. However, Agendia is in favor of regulatory oversight of IVDMIAs, and officials recently submitted a letter to the FDA supporting Genentech's December 2008 Citizen's Petition calling for all in vitro diagnostic tests—including laboratory-developed tests like IVDMIAs—to be held "to one set of scientific and regulatory standards." Therefore, Forche said that they are not concerned about the potential regulatory delays. "It may take a little longer to get FDA approval, but we believe it's really worth it," he added.

GE's $100 Million Stimulus Simplicity Program to Offer No-Interest Loans for EMR Products

GE has committed $100 million to a new program, Stimulus Simplicity, which will offer interest-free loans for physicians and hospitals that purchase the company's Centricity EMR products and enterprise solutions. GE Capital will provide the financing and GE Healthcare will provide the electronic medical record (EMR) product and certification warranty. EMR certification is a precursor to access the federal stimulus reimbursement funding that is part of the HITECH Act of the American Recovery and Reinvestment Act (ARRA).

"Electronic medical records are designed to assist providers in improving patient outcomes, and reducing medical errors and costs," said Vishal Wanchoo, president and CEO of GE Healthcare IT. "However, significant financial barriers are making health care providers hesitant to adopt the technology."

Under ARRA's HITECH Act, federal stimulus funds won't become available for EMRs until 2011. In addition, the federal government has yet to set specific guidelines for determining what constitutes a "qualified" system. In addition to the zero-interest financing, this program is offering a "HITECH warranty" for the Centricity systems.

CBLPath Opens Manhattan Facility

Specialized anatomic pathology testing provider CBLPath has opened a second facility located in Manhattan, as part of a focus to expand its physician client base in the lucrative New York City market. CBLPath's main laboratory is a 66,000-square-foot facility in Rye Brook, N.Y.

Few details are available about this expansion, and company officials didn't respond requests for comment by press time. However, this expansion does come about 10 months after the company announced that it was expanding its access to Pennsylvania residents as part of a contract with Highmark Inc., one of the largest health insurance providers in the state with 4.6 million members. Highmark's managed care products include Highmark Blue Cross Blue Shield, Highmark Blue Shield, Keystone Health Plan West, as well as Highmark Health Insurance Company and Mountain State Blue Cross and Blue Shield, which serves members in West Virginia. Following New York and New Jersey, Pennsylvania is the largest market for CBLPath.

Adeona Pharma Buys Chicago's Hartlab to Expand Degenerative Disease Diagnostic Offerings

Ann Arbor, Mich.-based Adeona Pharmaceuticals has announced plans to buy Hartlab, a Bolingbrook, Ill.-based CLIA-certified lab that currently provides same-day service near its headquarters in Chicago and next-day testing services to physicians in other states, with the exception of California, Florida, and New York.

According to a company statement, Adeona has paid a nonrefundable deposit of $14,000 and will pay an additional $266,000 at closing on or before June 30, 2009, in exchange for all of the issued and outstanding membership interests of Hartlab. Calls to Adeona for comment were not returned by press time. Under the terms of the acquisition agreement, Hartlab will remain independent but will expand its offerings to include Adeona's proprietary assays and diagnostic panels for conditions related to metal dyshomeostasis. Adeona is focused on developing treatments and diagnostics related to subclinical zinc deficiency and chronic copper toxicity in the mature population. The company believes these conditions are related to the progression of dry age-related macular degeneration, Alzheimer's disease, and mild cognitive impairment in susceptible patients.

Lab Stocks Continue Impressive Show of Strength; Up 11% over Five Weeks, 32% over Past 13 Weeks

As seen in late April through mid-May, lab stocks continue to be strong so far in June. Over the past five weeks, the 14 publicly traded labs tracked by the G-2 Reports Laboratory Stock Index are up an impressive 32 percent over the past 13 weeks and 11 percent over the past five weeks for the week ended June 19, 2009. So far in 2009, the index is up 21 percent. The Nasdaq also continues to post gains, although the S&P 500 continues to decline—although not as much as in recent months. For 2009, the Nasdaq is up over 11 percent, while the S&P 500 is down 1.13 percent so far this year.

The top three labs to post gains all posted increases of at least 25 percent. The leader continues to be **Orchid Cellmark** (Princeton, N.J.), as it was in the previous month. Orchid is up 52 percent to $1.69 per share for a market cap of $50.64 million over the past four weeks, for the week ended June 19. Following Orchid is **Clarient** (Aliso Viejo, Calif.), which is up 32 percent to $3.63 per share for a market cap of $260.71 million. Rounding out these top gaining labs is **Bio-Reference Laboratories** (Elmwood Park, N.J.), up 25 percent to $31.78 per share for a market cap of $436.72 million.

Despite all of these significant gains, there were labs posting some big losses for this period. The top three labs posting the greatest losses were led by **Monogram Biosciences** (South San Francisco, Calif.), which is down 28 percent to $1.81 per share for a market cap of $39.63 million. The nation's second largest testing provider, LabCorp, recently announced plans to acquire Monogram (see p. 1). Following Monogram is **Genomic Health** (Redwood City, Calif.), down 7 percent to $17.12 per share for a market cap of $486.44 million. Rounding out the top three is **Genzyme** (Cambridge, Mass.), which is down 6 percent to $55.02 per share for a market cap of $14.49 billion.

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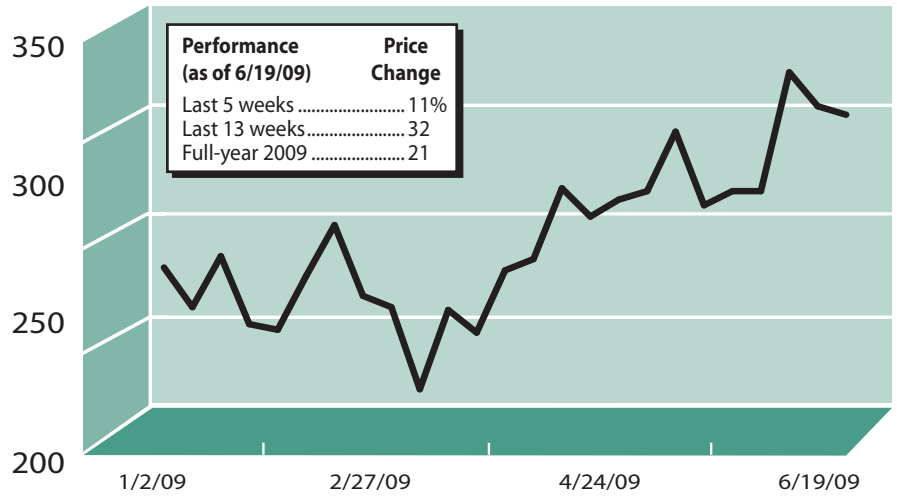
G-2 Laboratory Stock Index



Source: The G-2 Laboratory Stock Index is tabulated weekly by *Laboratory Industry Report* from the average percentage change in the price of 14 laboratory testing service stocks.

Top Gains and Losses Over Past Four Weeks
Percent price change, week ended 6/19/09

	Percent Change	*Price*
UP		
Orchid Cellmark	52%	$1.69
Clarient	32	3.63
Bio-Reference	25	31.78
DOWN		
Monogram Biosciences	28	1.81
Genomic Health	7	17.12
Genzyme	6	55.02

INDUSTRY buzz

CDC Seeks Help in Establishing Laboratory Best Practices

As Congress takes aim at revamping health care, the Centers for Disease Control and Prevention (CDC) are launching an effort to establish best practices in laboratory medicine. Called the Laboratory Medicine Best Practices (LMBP) project, the goal is to provide evidence-based methods that laboratory professionals can use to evaluate practice effectiveness for improving the quality of health care, to build a more robust knowledge base for the field based on the results of systematic evidence reviews, and to improve health care quality outcomes by identifying pre- and post-analytic practices that effectively improve the use laboratory testing.

More information can also be requested from Epner by e-mailing him at pepner@ChicagoBooth.edu.

Laboratorians are encouraged to register at www.futurelabmedicine.org to become engaged in the initiative's activities and to be kept informed of the progress. Most immediately, the CDC is looking for labs to submit unpublished data and studies related to the three topics being studied during this pilot phase: patient specimen identification errors, communication of critical laboratory test results, and blood culture contamination.

References in this issue

Adeona Pharmaceuticals 734-332-7800

Agendia 714-849-7515

American Clinical Laboratory Association 202-637-9466

Bio-Reference Labs 800-229-5227

CBLPath 877-225-7284

Chi Solutions 800-860-5454

Clarient 949-425-5700

FDA Office of In Vitro Diagnostic Device Evaluation and Safety 240-276-0450

GE Healthcare 888-778-3375

Genomic Health 650-556-9300

Genoptix 760-268-6200

Genzyme 617-252-7500

Hartlab 630-378-2100

LabCorp 800-334-5161

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