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LABORATORY INDUSTRY REPORT®

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Issue 09-11/November 2009

HIGHLIGHTS

Industry Concern Intensifies Over Health Care Reform Cuts; Over 40% of Lab Institute Attendees Say Greater Government Involvement Bad for Business

As Senate and House lawmakers work with White House officials to prepare for floor debates on health care legislation, apprehension is growing among lab leaders about the negative impact that such sweeping reforms will have on the industry. In fact, in a survey of attendees to Washington G-2 Reports' 27th Annual Lab Institute, which was held Sept. 23-25 in Arlington, Va., 42 percent said that the most direct impact of reform efforts would be greater government involvement, which would be bad for business. In addition, over 30 percent said that cost controls would reduce margins.

Furthermore, there is concern that the lab industry's voice is not being heard amid the fray of the other stakeholders seeking to protect themselves from funding cuts. "The lab business is being neglected in this debate," said Kevin Krenitsky, M.D., president of New York City-based Enzo Clinical Laboratories, at an executive panel discussion held on the opening night of the conference. "Physicians are being discussed extensively, as is tort reform, but no one is talking about what happens to the clinical diagnostic piece that drives the majority of treatment decisions today."

For more analysis on the impact for reform efforts on the industry from Lab Institute 2009, read "*Inside the Industry*," pp. 5-7.

Quest's Q3 Revenue Grows 3.9% to $1.9 Billion; Revenue-Per-Requisition Grows 3.4%

Third-quarter revenues at the nation's clinical laboratory testing leader climbed to $1.9 billion, up 3.9 percent from 2008's third-quarter revenues of $1.8 billion. These results were driven primarily by growth in gene-based and esoteric testing, which comprise 35 percent of all revenues.

Underlying volume growth was 1.1 percent, which is down about 1 percent compared to the second quarter of this year, said Robert Hagemann, Quest's chief financial officer, in a recent earnings call. This volume growth was impacted by a 23 percent drop in pre-employment drug testing compared to the previous year, *Cont. on p. 2*

■ QUEST'S Q3 REVENUE GROWS, *from page 1*

as well as a slow August. "The decrease is generally due to a softness in our business in the month of August," he explained. "August volumes tend to be highly variable and are impacted by vacation patterns and the timing of the start of the school year . . . our volume growth rebounded in September, placing underlying volume growth for September and July in line with the year-to-date level."

Growth was also boosted by a healthy increase in revenue-per-requisition of 3.9 percent (excluding the drugs-of-abuse testing business). This was driven by a positive mix of esoteric and routine testing, as well as the Medicare fee schedule increase effective at the beginning of 2009. "We are continuing to see an increased tests order per encounter and a lot of that has to do with new tests that get introduced, as well as an increased demand for tests like vitamin D," said Hagemann. "If you look at our adjusted revenue per requisition, for footnote items, you would see that it has been ramping up slightly over the past few quarters."

Expanding Cancer Dx Portfolio

This increased demand for esoteric testing is also pushing Quest to expand their proprietary test offerings. "Increasingly, physicians are supplementing anatomic pathology testing with molecular testing, such as HPV . . . which increased approximately 10 percent compared to the prior year," said CEO Surya Mohapatra, Ph.D.

Over the past quarter, the company has made three important announcements relating to expanding its testing portfolio. Recently, the Food and Drug Administration (FDA) issued a second emergency use authorization for its H1N1 influenza virus test, allowing the company's infectious disease diagnostics business, Focus Diagnostics, to sell these test kits to CLIA high-complexity labs. Earlier in the quarter, the company also announced the availability of a laboratory-developed genetic test that uses saliva to assess an adverse reaction to the anti-clotting drug Plavix.

Finally, the FDA also recently cleared the OVA1 test, to help indicate the likelihood of ovarian cancer with high sensitivity prior to biopsy or exploratory surgery, even if radiological test results fail to indicate malignancy. Quest developed this test in cooperation with Vermillion, Inc. (Freemont, Calif.) and has exclusive rights to offer the test in the United States for three years. Mohapatra said that the company will begin marketing the test in the fourth quarter of 2009.

In addition to growing its testing portfolio, Quest hinted that acquisition is still part of its expansion strategy both in the hospital outreach and independent lab market. The company's most recent acquisition was the Caritas Medical Laboratories, a for-profit reference lab formerly owned and operated by Caritas Christi Health Care. Caritas's estimated annual volume is 1.5 million. "There are a number of regional laboratories that are owned by private equity that are going to have to do some refinancing over the next several years, and that refinancing is going to be more difficult so I think that is probably going to create some opportunities," said Hagemann.

Obama Administration Cites Need for Data on Role of Diagnostic Testing in Prevention

While there is support for including prevention benefits in the current health care reform efforts from both sides of the aisle, the Obama administration wants to see data on how preventive screening and testing measures will save money, according to Neera Tanden, a senior adviser in the Department of Health and Human Services' Office of Health Reform. Tanden was speaking at a Results for Life event on Sept. 29 at the National Press Club, where the Lewin Group released its latest report, *The Value of Laboratory Screening and Diagnostic Tests for Prevention and Health Care Improvement*. The event, as well as the new report, was sponsored by the American Clinical Laboratory Association (ACLA) and the Advanced Medical Technologies Association (AdvaMed).

The current lack of data linking laboratory screening and testing to cost savings presents "a severe challenge to make the case for prevention," said Tanden. There is concern from the administration about investing in "unproven areas," which explains the push for comparative effectiveness research in the current reform dialogue. And while the administration in no way wants to impose regulations that will stifle diagnostic testing innovation, there is a focus on reining in medical expenditures, she explained.

Report Touts Value of Testing in Reform Efforts

This most recent report from the Lewin Group says that appropriate uses of laboratory screening and diagnostic testing are essential for achieving health care system reform goals, including wider patient access to early detection and treatment, support for personalized medicine to guide patient-specific therapy, and more cost-effective care for chronic conditions. The report also notes that lab testing plays a prominent role in the new federal priority given to comparative effectiveness research. Lewin is owned by UnitedHealth, one of the nation's largest insurers, although Clifford Goodman, the group's vice president and one of the report's co-authors, insisted that their analysis is independent.

But realizing the full potential of lab testing in a reformed health care environment will require overcoming obstacles that pose risks to labs and test manufacturers alike, such as varying coverage, payment, and coding complexities for new tests. It also calls for investment in more studies to consider the trade-offs between the costs of greater testing frequency and the yield of cases detected.

The report also echoed Tanden's call for more cost-effectiveness analyses and outcome-related studies of the economic impact of screening and diagnostic testing. While the current body of evidence is small, it's growing but needs to grow more, said Goodman.

"Traditionally, the lab industry needed to show evidence of analytical validity—how sensitive and specific is the test," Goodman told *LIR*. "While this is still essential, the people who make decisions on clinical care, practice guidelines, and payment policies are saying that this might not be sufficient. One of the important shifts in understanding in this industry entails broadening and looking further downstream for this kind of expanded evidence."

CAP Proposes Three-Tiered Oversight Approach of Lab-Developed Tests

The College of American Pathologists (CAP) has recommended a three-tier risk-based approach to regulating laboratory-developed tests (LDTs). The proposed changes would encompass claims of clinical validity, as well as specifying scientific and regulatory standards to be applied to all LDTs.

The risk-based classification would be divided into three categories—low, moderate, and high (see box). The classification would be based on claims made, potential risks to patients, and the extent to which results could be used in the determination of diagnosis or treatment.

In addition to this proposal, CAP also recommends strengthening CLIA accreditation standards on labs using low- and moderate-risk LDTs and requiring the U.S. Food and Drug Administration (FDA) to review of all high-risk LDTs.

These oversight recommendations are broader in scope than those put forth by the American Clinical Laboratory Association (ACLA), which focuses on one type of LDT: the in vitro diagnostic multivariate assay (IVDMIA). David Mongillo, ACLA's vice president for policy and medical affairs, told *LIR* that the expanded scope of CAP's recommendations is cause for concern. He added that he looks forward to further discussions with the pathology advocacy group to clarify the primary differences between both groups' proposals.

Focus on Outlier Labs

CAP's proposal was released a day after Don St. Pierre, deputy director of the FDA's office of in vitro diagnostic device evaluation and safety, *Cont. on p. 9*

CAP's Three-Tiered Approach to LDT Oversight

Classification	*Determining Factors*	*Oversight*	*Examples*
Low Risk	Result often used in conjunction with other findings to establish diagnosis; does not claim that result indicates prognosis or direction of therapy.	The laboratory internally performs and reviews validation prior to offering for clinical testing; the accreditor will verify that the laboratory performed appropriate validation studies during annual inspections	Cytokeratin; Fragile X
Moderate Risk	Result is often used for predicting disease progression or identifying whether a patient is eligible for a specific therapy; lab may make claims about clinical accuracy or clinical utility.	Lab must submit validation studies to the accreditor for an external review prior to offering the test clinically.	KRAS; HER2
High Risk	Result predicts risk, progression, patient eligibility for a specific therapy, and uses proprietary algorithms or computations so that results cannot be tied to the methods used or interlaboratory comparisons cannot be made.	Lab must submit a high-risk test to FDA for review prior to offering the test clinically.	Genomic Health's Oncotype Dx

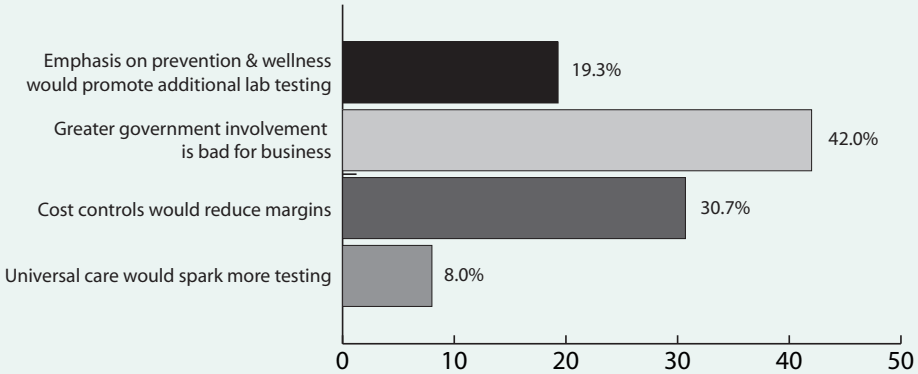
Source: College of American Pathologists, September 2009

Lab Execs Sound Off on Reform's Impact on Shrinking Margins, Increasing Volumes at 27th Annual Lab Institute

While the estimated $829 billion health care reform legislation efforts continue to be debated on Capitol Hill, many in the lab industry are concerned about the impact of great government involvement, as well as increased cost controls on business, according to a survey of attendees to Washington G-2 Reports' 27th Annual Lab Institute, which was held Sept. 23-25 in Arlington, Va.

When asked about the most direct impact of reform legislation on labs, a majority of those surveyed—42 percent—cited that great government involvement would be bad for business, while 31 percent said that cost controls would reduce margins. The other two responses involved the likely impact of increased test volumes, as a move to more universal coverage could add 20 million to 30 million people to the health care system. However, only 19 percent indicated that an emphasis on prevention and wellness would promote additional testing, while 8 percent said that universal coverage would lead to more testing.

If health care reform legislation is enacted, what do you see as the most direct impact on your lab?



Source: G-2 Reports' Lab Institute Survey, 2009

These concerns echo those expressed by four laboratory leaders who spoke at an executive panel discussion that kicked off the meeting (see photo, p. 6). During "Going Inside the Boardroom: What's the Bottom Line for Labs During a Time of Economic, Policy, and Market Flux?" many of the executives predicted an increase in volume but questioned whether reimbursement will follow. "I believe there will be more testing," said panelist James Fantus, president and CEO of Clinical Laboratory Partners (Newington, Conn.). "We might see less reimbursement, but overall, revenue per requisition could go up, which would help the overall bottom line."

The increased focus on preventive medicine could also mean an increase in volumes, said another panelist, Scott Liff, vice president and chief operating officer of MuirLabs, an independent outreach lab that is part of the John Muir Health hospital and health system, based in Walnut Creek, Calif. "However, laboratories haven't traditionally had a seat at the table in the health care debate in terms of getting reimbursement," he explained. "The fear is that we may have additional testing volume coming in, but if we are not going to get paid for it, or they are going to look at the lab to provide additional dollars to

make this whole reform equation work, it's not going to benefit us in the long run."

Another panelist heading up a specialty lab also sounded off on the need for overhauling the payment side of lab testing. "We see shrinking margins and perhaps more testing, but until we see reform on the reimbursement side where we can look at outcomes and put value on certain types of testing, we're are going to still be fighting this battle," said Marilyn Owens, Ph.D., senior vice president of operations at Caris Diagnostics. Based in Irving, Texas, Caris is focused on dermatopathology, hematopathology, and gastrointestinal molecular diagnostic and anatomic pathology testing services.

From left: Fantus, Krenitsky, Weissman, Owens and Liff

The fourth panelist, Kevin Krenitsky, M.D., president of New York City-based Enzo Clinical Laboratories, believes that overall, the current health care reform initiatives won't be good for the lab industry. "The lab business is being neglected in this debate," he explained. "Physicians are being discussed extensively, as is tort reform, but no one is talking about what happens to the clinical diagnostic piece that drives the majority of treatment decisions today."

Confronting Further Medicare Cuts

In addition to concerns about the impact of health care reform efforts, adequate reimbursement and maintaining or increasing margins are eclipsing competition and managed care contract exclusion as the dominant concerns of many in the lab industry today.

When asked about their biggest current business challenges, 49 percent of respondents said adequate reimbursement, followed by 33 percent indicating maintaining or increasing margins (see graph). Two responses that are typically the most significant concerns—exclusion from managed care contracts and competition from regional and national labs—each received 9 percent of the responses.

The Senate Finance Committee's recently approved health care reform legislation contained a series of provisions that would reduce the annual update to the Medicare lab fee schedule, starting in 2011, to help pay for systemwide reform. The schedule currently is updated by the consumer price index (CPI-U) minus 0.5 percent. The bill leaves this formula in place for 2010, when the projected update is a negative 1.9 percent.

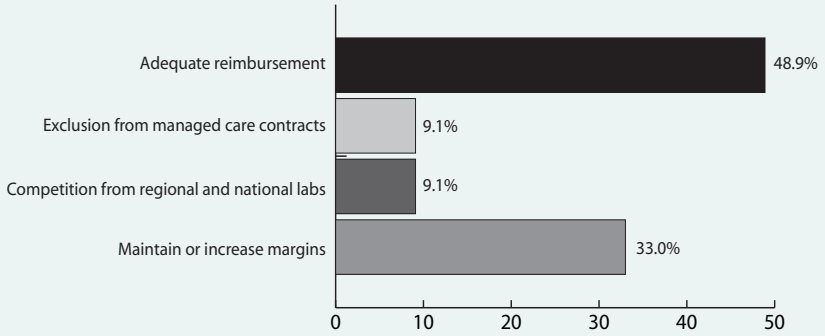
But for 2011 and subsequent years, the bill replaces the 0.5 percent reduction with a productivity adjustment (now pegged at a negative 1.3 percent), though the adjustment could not reduce the update below zero. Also beginning in 2011, the update would be further reduced by 1.75 percent for five years. In addition, $100 million would be sliced from the update over a five-year period from 2010 to 2014.

Even though MuirLabs doesn't have a lot of Medicare patients, Liff said that he would be in favor of equitable cuts across the industry to share the pain of these cuts. "If we make it equitable and we focus on the outcomes information and appropriate test utilization, then it will become equitable," he explained.

Ironically, Medicare is one of the best payers right now, as many managed care plans are paying 40 percent of Medicare rates, said Enzo's Krenitsky. "We're able to do some of the cutting-edge testing we are doing now because of Medicare pricing," he added.

But cuts to Medicare translate into increased rates for third party payers, explained Clinical Laboratory Partners' Fantus. At his facility, Medicare and Medicaid reductions have meant 30 percent rate increases for some third-party payers to make up for the cuts. "For most hospitals, Medicare is 50 percent [of reimbursement], Medicaid another 10 to 15 percent of reimbursement, which puts third-party payers in the minority position," he said. "When a huge health system comes at them for a 30 percent rate increase or risk not putting their patients in those hospitals, they cave in. This is why employers see health care costs rising—it's directly tied to Medicare cuts."

In light of 2009 economic and market conditions, what is your company's biggest business challenge today?



Source: G-2 Reports' Lab Institute Survey, 2009

From a specialty lab perspective, Caris's Owens believes the reimbursement reform needs to extend beyond Medicare. "Why should Medicare be our best payer these days? We have to have reform of all payment structures, or we won't be able to perform the quality that patient care demands. Bad-quality medicine is going to cost us more in the long run," she said.

Nevertheless, Fantus believes that the lab industry will continue to weather these pricing pressures. "We've been fighting this for 30 years, and every time there is a fee schedule increase, when you add inflation to it, we operate with a lower reimbursement per test year-over-year," he said. "We find ways to be more innovative and efficient and survive."

And becoming more efficient will likely include reining in test overutilization, explained MuirLabs' Liff. MuirLabs has tamped down on test overutilization through analyzing physician ordering patterns. "We need to take the opportunity to work through IT systems and infrastructure to help the physicians correctly order the tests that are necessary for their patients, to control utilization and to have a better handle on the outcomes," he added.

San Diego-Based AlliedPath's New CLIA Lab to Focus on Solid Tumor Testing Services

Taking a page out of their neighbor Genoptix's playbook, AlliedPath is using its new CLIA certification to launch a specialized pathology testing business, focusing on solid tumor molecular diagnostic testing. Specifically, the company offers molecular tests for disease characterization and therapeutic monitoring of patients who have been diagnosed with lung and colon cancers. There are an estimated 365,000 new cases of these cancers reported every year in the United States to the National Cancer Institute.

Both the founders and leaders of AlliedPath have deep roots in the diagnostic testing business. One of the company's founders and chief medical officer, Philip Ginsburg, M.D., is the former medical director at Quest Diagnostics and former senior medical director at Gen-Probe Inc. Robin Vedova, AlliedPath's chief business officer, is also a former Gen-Probe executive. Another founder is molecular diagnostic leader Daniel Farkas, Ph.D., who is currently the vice president of clinical diagnostics at the Sequenom Center for Molecular Medicine (Grand Rapids, Mich.).

In this current venture, AlliedPath's leaders are looking to partner with hospital-based and independent labs and pathology practices that don't offer their specialized services, as well as provide clinical trial testing services. "We are focused solely on solid tumor molecular diagnostics, and therefore, we remain noncompetitive with those companies who we perceive to be our customers and partners, including anatomic pathology labs that are either hospital-based or independent labs," said Ginsburg.

Like Genoptix, AlliedPath is looking to set itself apart from the national labs by providing superior customer service, including personalized reports. "Our ability to personalize the reports differentiates us from the larger, national labs who are really good at assembly-line testing but not that great on executing in this specialized testing market," said Ginsburg. "There's much more to offering specialized molecular diagnostic testing services than just generating a result.

This personalization starts at the requisition stage, explained Vedova. The user-friendly requisition form offers testing recommendations based on the physician's desired outcome for the patient—such as disease characterization or therapeutic monitoring. "Then we give the physician the recommendation in a language that he or she can understand, rather than technical language from the laboratory," she added.

AlliedPath also promises a quick turnaround time. "Within 72 hours, the physician will have a preliminary report that is actionable," said Vedova.

Mayo's Cockerill Wins Public Service Leadership Award

Frank Cockerill, M.D., president and CEO of Mayo Collaborative Services Inc./Mayo Medical Laboratories (Rochester, Minn.), received the 2009 Laboratory Public Service National Leadership Award at this year's Lab Institute meeting. As head of Mayo Collaborative Services, he oversees the largest for-profit company associated with the Mayo Clinic. The major service line, Mayo Medical Laboratories, is the third largest provider of esoteric lab services in the United States and in total serves over 4,000 clients around the world. Cockerill is also chair of the laboratory medicine and pathology departments at the Mayo Clinic.

CAP PROPOSES THREE-TIERED OVERSIGHT APPROACH, *from page 4*
addressed questions about potential policy changes regarding LDTs on Sept. 24 at Lab Institute 2009.

St. Pierre emphasized that the changes in the policy are more than likely, but nothing would be implemented quickly and not without open discussions with stakeholders. "There needs to be changes, but it's a matter of figuring out what those changes need to be," he explained.

The FDA's primary focus appears not to be on traditional labs but on the small number of "outliers" who game the system to escape FDA oversight. "The FDA has jurisdiction over medical devices, and an LDT is a medical device," said St. Pierre. "If a company decides to make a medical device, they are a medical device manufacturer. Just because you can get a CLIA high-complexity certificate does not mean that everything you do falls outside of the FDA's purview."

But the FDA's claim to have jurisdiction over medical devices is a fundamental premise disputed by the ACLA and is an unresolved legal issue, said David Mongillo, the lobby group's vice president for policy and medical affairs, at a panel held following St. Pierre's presentation. LDTs are developed in-house for use only by that lab and the results are sold as a service, not marketed as a test kit.

ACLA contends that CLIA regulations, along with standards of accrediting bodies are sufficient to ensure quality of LDTs. If there are issues regarding clinical validity, they should be addressed through CLIA, Mongillo said, "and if necessary, strengthen the bar but do not add another layer of federal oversight, given how tightly regulated the industry already is."

Daschle Optimistic About Senate Approval of Health Care Bill in Coming Months

Former Senate Majority Leader Tom Daschle is optimistic that the Senate will approve healthcare legislation in the coming months, he stated at the College of American Pathologists (CAP) House of Delegates/Residents Forum at a luncheon on Oct. 10, 2009. The lunch occurred prior to CAP's annual meeting held Oct. 11-14 at the Gaylord National Convention Center outside of Washington, D.C.

Daschle said that there is general consensus among policymakers on Capitol Hill that the three greatest problems with the current health care system are access and coverage, "cost shifting" (when the uninsured utilize emergency services that are ultimately reflected in higher costs for the insured), and quality. "The general consensus is that the goal should be a high-value system, based on high quality, lower costs, and better access," he explained. However, this consensus falls apart when policymakers attempt to determine how to achieve this goal—whether through subsidies, mandates, or the competitive marketplace.

Nevertheless, he encouraged the pathology industry to remain vocal throughout the reform process. He hinted that pathology and lab medicine stakeholders will be important in informing reform related to "general unnecessary medicine," including doctor-owned specialty practices that provide on-site testing services. This has been a controversial issue in the lab industry, with critics charging that further regulations are needed in this area to ensure that these practices are not driving revenue through unnecessary testing.

Geisinger's Proven Diagnostics Collaborates With ViraCor-IBT Labs

Danville, Pa.-based Geisinger Health System new outreach entity, Proven Diagnostics, will collaborate with the recently merged ViraCor-IBT Laboratories (Lenexa, Kan.) to offer selected tests on the company's allergy, immunology, and infectious disease diagnostic menu to physician offices in Pennsylvania.

'For most of the health systems that we perform testing for, whether they are outreach or hospital-based, we are an extension of their labs. In this situation with Proven Diagnostics, we are really viewing this as an extension of our sales force, as opposed to just the reference lab.'
— Maureen Loftus, CBO, ViraCor-IBT Laboratories

While ViraCor-IBT does have partnerships with hospital and health system entities, the company's chief business officer, Maureen Loftus, explained to *LIR* that this agreement is more comprehensive. "This is the first collaboration where we are going to be training the sales force on the specific aspects of the ViraCor-IBT test menu, so they are well informed as they go out to gain additional business," she said. "For most of the health systems that we perform testing for, whether they are outreach or hospital-based, we are an extension of their labs. In this situation with Proven Diagnostics, we are really viewing this as an extension of our sales force, as opposed to just the reference lab."

Launched in July, Proven Diagnostics (Bethleham, Pa.) is headed up by CEO Candice Miller and Rob Gilmour, vice president of sales. In addition to clinical laboratory testing, Proven also offers anatomic pathology (AP) testing services through its collaboration with Geisinger Medical Laboratories, which is led by Conrad Schuerch, M.D., and 17 pathologists.

Other Industry Newsmakers

Pathology Inc. Receives Series A Investment, Taps DiFrancesco as CEO, Pierce as CFO

Torrance, Calif.-based anatomic pathology and molecular diagnostic testing provider Pathology Inc. has received an undisclosed amount of Series A financing from ABS Capital Partners (Baltimore, San Francisco). In addition, Vicki DiFrancesco has been named CEO and Steve Pierce named chief financial officer (CFO). DiFrancesco was most recently executive vice president of sales and marketing for Spectrum Laboratory Network, and Pierce was the former CFO of U.S. Pathology Labs, which was sold to LabCorp. The current Pathology CEO, Alfred Lui, M.D., will transition into the role of chairman of the board, as well as one of the company's medical directors.

LabCorp-Mubadala Healthcare's Abu Dhabi Facility Slated to Open By End of 2009

The initial phase of the National Reference Laboratory (NRL) in Abu Dhabi—a partnership between LabCorp and Mubadala Healthcare—is expected to open by the end of the year. This first phase is 12,000 square feet, and will primarily serve the Dubai hospital and clinic market. When the second phase of the facility opens next year, the daily volume is reportedly expected to be 4,000 tests. NRL's general manager is Richard Cotton, who was previously LabCorp's vice president and general manager for the Kansas City region.

Lab Index Dips in Fall; Down 5% Over Five Weeks, but Up 40% for Full Year 2009

After a strong summer the G-2 Reports' Laboratory Stock Index's growth continued to slow into the fall. The 13 publicly traded lab stocks tracked by the index were down 5 percent over the past five weeks, for the week ended Oct. 16, 2009. However, the index is up 8 percent over the past 13 weeks and 40 percent so far in 2009 for that same period. In addition, the Nasdaq and S&P 500 also continue to grow. For 2009, the Nasdaq is up over 32 percent, while the S&P 500 is up over 16 percent so far this year.

Leading the gainers this month is **Medtox Scientific** (St. Paul, Minn.), which is up 10 percent to $10.17 per share for a market cap of $86.32 million over four weeks for the week ended Oct. 16. Following Medtox is **Genoptix** (San Diego), up 7 percent to $35.53 for a market cap of $609.13 million. Rounding out these leaders is **LabCorp** (Burlington, N.C.), up 6 percent to $67.56 per share for a market cap $7.45 billion.

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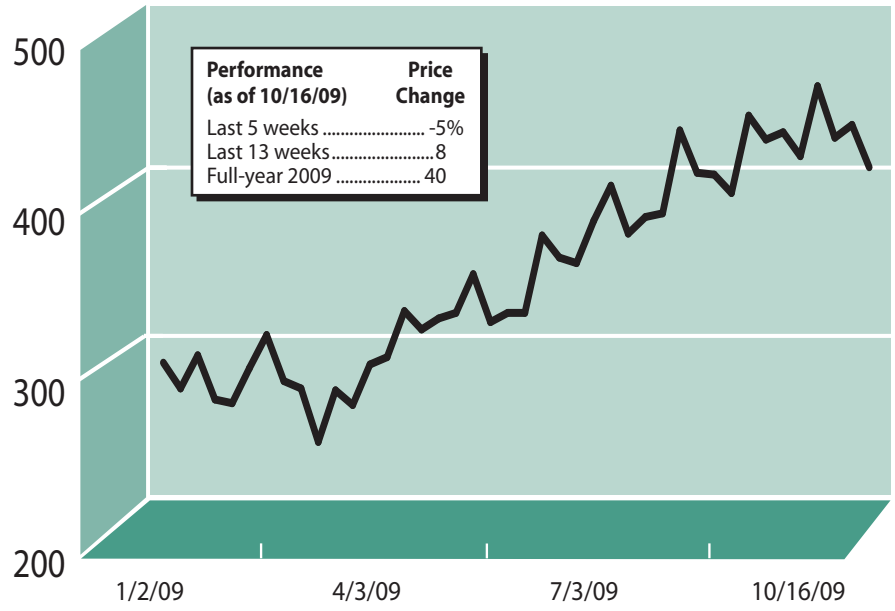
The top labs posting losses over four weeks for the week ended Oct. 16 was lead by **Psychemedics** (Acton, Mass.), down 14 percent to $5.60 per share for a market cap of $28.17 million. Two labs followed Psychemedics, both posting 11 percent losses. **Orchid Cellmark** (Princeton, N.J.) is down to $1.65 per share for a market cap of $50.04 million, while **Clarient** (Aliso Viejo, Calif.) is down to $3.76 per share for a market cap of $288.15 million. Rounding out this group posting losses is **Myriad Genetics** (Salt Lake City), down 10 percent to $27.02 per share for a market cap of $2.62 billion.

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 13 laboratory testing service stocks.

Top Gains and Losses Over Past Four Weeks
Percent price change, week ended 10/16/09

UP	Price	% Chg
Medtox	10%	$10.17
Genoptix	7	35.53
LabCorp	6	67.56
DOWN		
Psychemedics	14	5.60
Orchid	11	1.65
Clarient	11	3.76
Myriad	10	27.02

INDUSTRY buzz

Agendia Raises $23 Million in Series E Financing

Agendia remains focused on becoming a competitive force in the breast cancer prognostic market long dominated by Genomic Health's Oncotype DX and now has additional financial resources to pursue this goal. A few months after opening a new 3,500-foot CLIA lab in Huntington Beach, Calif., the Amsterdam-based company announced that it has raised $23 million in Series E financing from an undisclosed investment firm. The company's MammaPrint test 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.

Agendia also plans on doubling its sales force this year in the United States to increase this year's MammaPrint volume, Vice President of Sales and Marketing Daniel Forche told *LIR* over the summer (July 2009, p. 8). Agendia's projected volume for MammaPrint is 5,000 to 5,300 in 2009.

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LabCorp 800-334-5161
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Vira-Cor-IBT Laboratories 800-305-5198

Laboratory Industry Report (ISSN 1060-5118) is published by Washington G-2 Reports, 1 Washington Park, Suite 1300, Newark, NJ 07102-3130. Tel: 973-718-4700. Fax: 973-622-0595. Web site: www.g2reports.com.

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