Your Independent Source for Business & Financial News

LABORATORY INDUSTRY REPORT®

Julie McDowell, Managing Editor, jmcdowell@ioma.com

Issue 10-04/April 2010

HIGHLIGHTS

WASHINGTON G-2 REPORTS

www.g2reports.com

Health Care Reform Extends Pathology Grandfather Protection, Enacts Conflicting Productivity Adjustments

Separate Senate Bill Aims for Oct. 1 Physician Fee Freeze Extension

The landmark health care reform legislation that was signed into law on March 23 does not address the Sustainable Growth Rate (SGR) formula fix pushed for by the lab and pathology industries, but it does extend the "grandfather" protection that allows independent labs to receive direct payment for the technical component of certain inpatient and outpatient pathology services until Dec. 31, 2010.

However, the freeze on the Medicare fee update for pathology and other physician services could be extended until Oct. 1 as a result of the job-related legislation passed by the Senate on March 10. Because the Senate bill adds provisions to the underlying House bill, the legislation has to go back to the House to reconcile the differences. The outstanding issue between the two chambers is not the health extenders but the offsets to pay for the bill, Alan Mertz, president of the American Clinical Laboratory *Continued on page 2*

Genoptix, Myriad Emerge as Productivity Leaders in G-2's FY09 Benchmarking Analysis

Most of the publicly traded labs' full-year 2009 results have now been reported, and analysis of productivity data indicates that San Diego-based specialty testing provider Genoptix and Salt Lake City-based molecular testing provider Myriad Genetics are leading in two benchmarking measures: revenue per full-time employee (FTE) and pretax income per employee (see Table, p. 8). Last month's issue of *LIR* looked at some preliminary results of these measures. At that time, Myriad Genetics emerged as a preliminary leader in both benchmarking categories, but this was prior to regular G-2 benchmarking leader Genoptix reporting its full-year results.

Among those 11 publicly traded labs tracked and analyzed by G-2 Reports based on this benchmarking data, Genoptix is the leader in revenue per FTE at $419,091, an increase of almost 23.3 percent compared to the full-year results from 2008. Following Genoptix in this measure is Myriad at $375,719, an increase *Continued on page 8*

HEALTH CARE REFORM, *from page 1*

Association (ACLA), told G-2's *National Intelligence Report.* He added that this could delay final passage of the legislation.

In addition, there are two other legislative attempts in the works to extend the fee update for varying amounts of time, according to ACLA's Vice President of Government Relations Jason DuBois. Rep. Sandy Levin (D-Mich.), the House Ways and Means Committee chair, introduced a bill to extend the fee freeze through the end of April. This bill passed the House by a voice vote and is now in the Senate. In addition, Democrats in Congress are planning to introduce a bill featuring a three- to five-year SGR fix, which has been endorsed by the American Medical Association.

Currently, the fees are frozen at their 2009 levels through March 31, canceling a cut of 21 percent under SGR used to calculate the annual fee update. Unless Congress acts, the cut is scheduled to kick in April 1. If no agreement is reached by March 31, another short-term extension of the physician fee freeze is likely. Congress is scheduled to be in recess for the first two weeks of April.

In addition to the grandfather clause extension, there are a few items in the newly signed health care reform legislation that apply to the lab and pathology industries:

- **Adjustments to the lab fee schedule:** This adjustment deals with the 0.5 percent payment reduction currently in effect for the lab fee schedule. The law repeals this reduction for the last three years of its effective time period—2011 to 2013. The reduction will be replaced with a full productivity adjustment beginning in 2011 that could not reduce the fee schedule update below zero. However, there is another adjustment. The law applies an additional 1.75 percent decrease in the consumer price index (CPI) update for 2011-2015, which could reduce the update below zero.

- **Date of Service Demonstration.** A two-year $100 million demonstration project will be established for tests that analyze gene protein expression, topographic genotyping or cancer chemotherapy sensitivity assays, or that are billed using a Healthcare Common Procedure Coding System (HCPCS) code that is other than a "not otherwise classified" code. The demo project would also apply to assays for which there is not an alternative test having equivalent performance characteristics. The Department of Health and Human Services' (HHS) Secretary will determine appropriate payment rates for the tests, and will report to Congress within two years after completion of the demonstration on its impact on access, quality, health outcomes and expenditures.

- **HHS Public Meeting on Payment for New Lab Tests:** The law requires the Department of Health and Human Services to convene a public meeting on how to determine payment levels for new lab tests under Medicare, including a discussion of payment reform for such tests. HHS will submit a report to Congress summarizing the meeting, including recommendations for legislative or regulatory action.

Sonic Healthcare's First-Half 2010 U.S. Revenues Up 14% to $296 Million

Revenues for the U.S. operations of Sydney, Australia-based lab leader Sonic Healthcare for the first half of the 2010 fiscal year grew to approximately $296 million. This represents approximately 8 percent organic growth after taking into account the full-period impact of acquisitions in the prior period.

Global revenues for the group in the first half of the year grew to approximately $1.37 billion ($1.43 billion in constant currency). The U.S. operations represent approximately 23 percent of global revenues.

U.S.-based acquisitions during the reporting period—Piedmont Medical Laboratories and Axiom Laboratories—contributed to the revenue growth. In addition, the acquisition of Clinical Laboratories of Hawaii, which was finalized in the prior comparative period, contributed its first full six months of revenues.

Looking ahead to the second half of 2010, further acquisitions are possible, as Sonic announced in late November that it had raised $250 million in debt capital. *LIR* estimates that full-year revenue growth will be 5 percent, therefore revenues for 2010 are likely to come in around $2.9 billion. LINWAR Securities analyst John Hester estimates that full-year 2010 revenue growth will continue at better than market growth rates before the impact of acquisitions. "We expect Sonic [U.S.A.] to continue to focus on the acquisition of clinical laboratory services rather than higher-priced specialist laboratories," said Hester.

Bio-Reference's Q1 Revenue Up 31% to $99 Million; $5.5 Million Lenetix Purchase Announced

Elmwood, N.J.-based Bio-Reference Laboratories' focus on its Women's Health Initiative testing line continues to drive both volume and growth, with revenue up 31 percent to $99 million for the first quarter of 2010. Volume was up 29 percent compared to the first quarter of 2009. It's important to note, however, that the first quarter of 2009 was impacted by recession-related volume slowdown, making comparables somewhat easier for the first quarter of 2010.

It's also clear that the company will continue to pursue more share in the ob-gyn market. During the first-quarter 2010 earnings call, company president Marc Grodman, M.D., announced that Bio-Reference was expanding its lucrative women's health and genetic testing portfolio with the recent $5.5 million purchase of Lenetix Medical Screening Laboratory (Long Island, N.Y.). Lenetix specializes in prenatal and genetic testing, a key focus in Bio-Reference's growth strategy. While earnings were not disclosed, annual revenue is estimated by one industry insider to be between $2 million and $3 million, making for an estimated revenue multiple of 1.8x to 2.75x.

Though the Lenetix acquisition is small, it's significant because the move underscores the pursuit by Bio-Reference of this testing market, said William Blair & Co. (Chicago) analyst Amanda Murphy in a research note.

Genoptix FY09 Revenue Climbs 59% to Over $180 Million

San Diego-based specialty testing provider Genoptix closed out 2009 in impressive fashion, reporting a revenue growth of 59 percent to $184.4 million compared to fiscal year 2008. Fourth-quarter revenues in 2009 increased 45 percent to $49.1 million, compared to $34 million for 2008. For 2010, Genoptix projected revenue growth of approximately 30 percent to $240 million.

The total number of cases for the year increased 48 percent to over 57,000. The number of total cases for the fourth quarter of 2009 grew slightly over 34 percent to 15,000, down from 2008's fourth-quarter case growth of 64.8 percent. In addition, the number of ordering doctors reduced a bit during the fourth quarter—down to 1,250 from 1,300 in the third quarter of 2009. However, the average number of cases ordered per doctor increased from 11 to 12 during this quarter. This indicates volume growth among the company's existing client base.

The number of cases for Genoptix's key offerings, the Compass and Chart hempath analysis services, grew 48 percent in 2009 to 56,896, while revenues per case also grew 8 percent to $3,241, which includes $12 million in out-of-period revenues. This growth is down slightly from 2008, when revenue per case grew 14 percent from $2,635 to $3,012. The volume growth is due in large part to the company's expansion of its sales force. At the end of 2009, the sales force totaled 80, compared to 55 at the end of 2008, according to Genoptix's 10-K filing (see box on p. 9 for some key fourth-quarter statistics).

Pricing Concessions

For 2010, Genoptix officials are guiding to an average sales price (ASP) of $3,000, which is roughly a 6 percent decline from 2009's ASP of approximately $3,200, according to William Blair & Co. (WB&C; Chicago) analyst Amanda Murphy. This is partly attributed to a decline in Medicare reimbursement, as well as pricing terms included in the recently signed three-year contract with Aetna. "While the contract terms were not disclosed, we expect that Genoptix likely gave some pricing concessions given the theoretical volume offset from being included in payer networks," wrote Murphy in a research note. "Presuming Aetna represents 8 percent to 9 percent of Genoptix's commercial revenue (similar to Aetna's overall market share of commercial lives), we estimate Aetna represents 4 percent of Genoptix revenue."

To accommodate its growth, Genoptix is using some of its $145 million in available cash to expand its footprint. In January, officials entered into a purchase agreement for 44,000 square feet of lab space originally leased in June 2009 in Carlsbad, Calif. In addition, the company recently signed a lease agreement for another 33,000 square feet of space in Carlsbad, which will bring their total square footage to over 190,000 square feet.

Another area of growth is in its licensing agreements. Genoptix recently signed a multiyear agreement with HistoRx (New Haven, Conn.) for its Aqua technology. Under the exclusive agreement, Genoptix will develop and perform three solid tumor assays using HistoRx's proprietary technology *Continued on page 9*

Time for Outreach Lab Redesign? Time for Lean Redesign

Deploying Lean and Six Sigma principles in the lab has moved beyond an industry buzzword and is now an integral part of the growth strategies of many labs and pathology practices. Many labs realize that current inefficiencies in all areas of operations—from specimen processing to billing—must be corrected in order to grow volume and revenue. This is becoming increasingly evident as more hospital and health systems are merging or consolidating multiple lab locations, building a new core lab facility, or expanding their outreach programs.

"We've seen a lot more interest recently in either starting or expanding outreach programs and in consolidating laboratory operations," said Wayne Mercer, Ph.D., a senior consultant with outreach lab consulting firm Chi Solutions (Ann Arbor, Mich.). "It's typically involved a recent acquisition, the merger of two health systems, a large system that wants to build a core lab, or a successful outreach program that needs space to expand its services."

These factors may require that labs either redesign their space or move into a new facility if they have outgrown their current infrastructure, both its capabilities and size. "If a lab's volume has grown only 3 percent every year, then its test volume is going to double within 14 years," said Mercer. "Many facilities built as recently as the 1970s are no longer large enough to accommodate the volume growth, or new technology, such as molecular diagnostics or being able to install automation. Also we frequently see that they were built as individual small rooms and are very fragmented, which begins to impact operational efficiency."

This was the case when Baystate Medical Center's (Springfield, Mass.) Specialty Lab operation moved into a new facility in October 2009. In the former location, where many of the ancillary labs had been for 20 years, the space was fragmented. The rooms were disjointed and there was no regard for work flow, explained JoAnn Blanchette, manager of the Specialty Labs.

The move into the new space is focused on moving some of the ancillary labs—cytology, cytogenetics, immunology, molecular biology, and flow cytometry—from the main medical facility into a new offsite location. When it came to designing this new space, the staff started by using Lean to analyze flow and making changes to address inefficiencies in the current facility, said Blanchette. "We started by looking at our current processes using flow charts, and then we reorganized to be more efficient," she said. "We used that to design our new work space so that specimens flowed in a unidirectional fashion throughout the lab." The design also accommodates increased automation, which is expected to be brought into the lab in the near future. The investment in the new space was estimated at about $2.5 million.

Not only is Blanchette pleased with the better organization and work flow, so is her staff, whom she said were integral in the lab design. "It's now very smooth here; things move in one direction and are arranged totally on work flow," she said. "It's also been great for staff engagement, because they actually design their new work space. We could see an immediate difference in our staff, and they know they were part of making it happen."

Start with Financial Analysis

Chi's "Lean lab design" process is multifaceted and typically begins with an operations review, followed by a strategy formulation, then future layout and schematic design (see Figure, p. 7). While planning and strategizing clearly drive this process, financial analysis is also an important component, particularly in the early stages of planning.

The type and extent of financial analysis depends upon the primary purpose of the new laboratory project. In some cases, it is a strategic move to consolidate multiple laboratories and there may be considerable cost savings generated. The return on investment (ROI) from those savings may actually pay for the cost of the renovation or new construction within several years.

Another purpose may be to expand an outreach program. One of the initial goals of this type of financial analysis should be determining the actual financial position of the program, and how this might change given the cost and related changes of either redesigning the current space or moving to a new location. It's important to make sure that the financial realities will support the new or expanded facility. "We suggest that labs do a thorough financial analysis of their cost allocations," said Mercer. "For example, many outreach labs currently operate based on an incremental cost model; they take into account the extra costs of supplies, labor that is directly related to outreach, and maybe a marketing person. But overhead expenses—such as rent and utilities normally borne by the hospital—may or may not be allocated to the outreach lab." If these costs are not currently shouldered by the lab, they probably will be if they move to an offsite location or they may increase if they expand the square footage of their lab in the hospital.

This financial analysis should also determine what profit you are returning to the hospital, which will also help in gathering investment support from hospital and health system executives.

Mercer recounts one recent client who discovered the lab was the major profit center at the hospital. No one had known, however, because the revenue and profit analysis had never been done. Although it's usually difficult to justify new construction in the hospital industry on the basis of projected revenue, knowledge of the actual profitability of the current program may help get approval for expansion.

Of course, construction costs need to be a part of this analysis, and not surprisingly, these major projects are expensive. Depending on geography, construction costs can range from $250 per square foot to $1,000 per square foot, according to Mercer. The northeastern region of the United States and California are the most expensive areas to build. California is particularly expensive because of the need to meet seismic regulations. Project timeline and inflation also have to be figured into these costs. For example, Mercer estimates that projects slated for a 2018 completion in high-cost areas will likely cost from $1,200 to $1,500 per square foot.

Despite these steep costs, Mercer sees many hospital and health system executives realizing the value of investing in outreach programs and understanding that space expansion and operational efficiencies must be in place in order to grow volume and revenues.

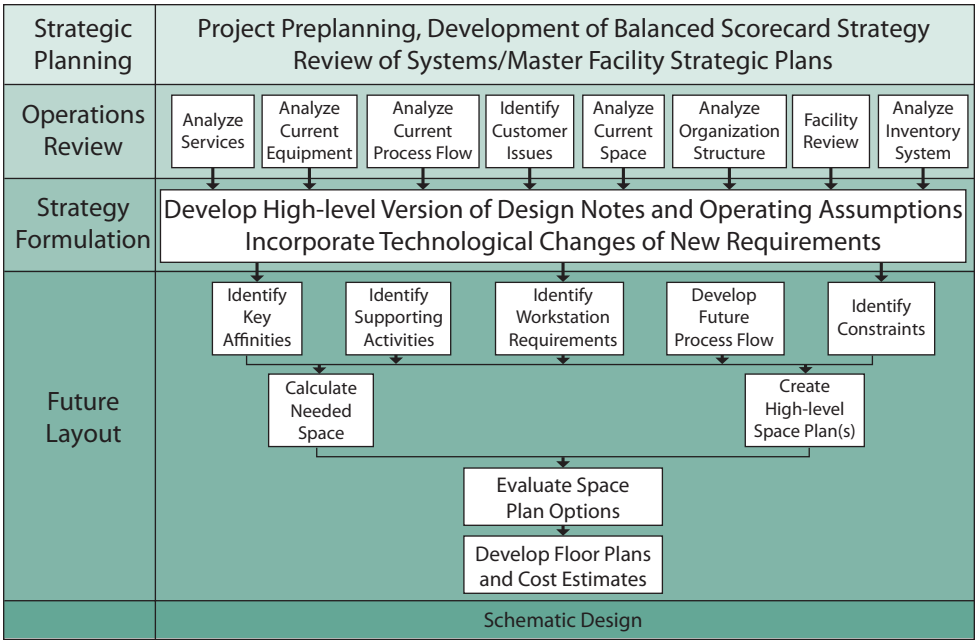
"I think there is healthy skepticism out there," he explained, regarding the attitude of the hospital C-suite toward investing in a Lean project. "The value of the outreach program is often hidden because the key financial metrics have not been analyzed. The key is getting at those metrics, so the senior leadership at the hospital or health system can see the true value of the outreach program."

Smart Growth

It's also smart to grow in a controlled manner. Mercer said that some labs make the mistake of expanding too quickly in terms of fixed costs—moving into a large facility and hoping the volume will follow. But a lab also has to have the capacity to service the demand, or the volume won't grow. "If a lab is in a growth mode, they should consider developing a strategy based on five-year segments and design the facility accordingly," he explained. "If they have the opportunity to buy a bigger space, one approach is to lease out part of the building at the beginning, so they don't have to move when they grow."

While you might have to move again—or expand again—sooner than desirable because of growth, it's important to get into a space that is manageable. "Grow in increments and make sure when you move to the building you have the business to support it," said Mercer. "If you have to move in five years because of volume growth, that's a good problem to have."

Lean Facility Design and Planning Process



BENCHMARKING ANALYSIS, *from page 1*

of almost 67 percent compared to the previous year. Rounding out this top three is Genzyme Genetics/Diagnostics (Cambridge, Mass.) at $315,105, an increase of 13 percent compared to 2008.

The leader in the second benchmarking measure, pretax income per FTE, is Myriad at $156,962, an increase of over 100 percent compared to the previous year. Following Myriad is Genoptix at $125,909, an increase of 45 percent compared to 2008. Rounding out the top three in this category is the nation's second-largest testing provider. LabCorp's (Burlington, N.C.) pretax income per FTE for 2009 is $31,593, an increase of 13 percent over 2008.

Preliminary Full-Year 2009 Financial Benchmarks

	Full-Year Revenue (in millions)	Full-Time Employees	Revenue/ Employee	Comparison to FY08	Pretax Income (millions)	Pretax Income /Employee	Comparison to FY08
Quest	$7,455.2	43,000	$173,377	2%	$1,227.90	28,556	16%
LabCorp	4,694.7	28,000	167,668	4	884.60	31,593	13
Bio-Reference	362.7	1,691	214,488	6	38.60	22,827	27
Enzo Clinical Labs	39.6	300	132,000	-17	(7.30)	(24,333)	-424
Genzyme Genetics/Diagnostics	538.2	1,708	315,105	13	n/a	n/a	
MedTox Scientific	84.1	582	144,502	-2	2.00	3,436	-77
Myriad Genetics	326.5	869	375,719	68.6	136.40	156,962	109
Genoptix	184.4	440	419,091	23.3	55.40	125,909	45
Neogenomics	29.5	174	169,540	0.9	n/a	n/a	
Orchid Cellmark	59.1	400	147,750	5.2	(1.57)	(3,925)	74
Psychemedics	16.9	88	192,045	-21.2	2.60	29,545	-44

Note: Myriad Genetics fiscal year ended June 30; Enzo Clinical Labs fiscal year ended July 31. These are preliminary data and do not include industry leaders such as Genoptix, Orchid Cellmark, and Psychemedics. Full results will be featured in the April 2010 issue of *LIR*.
Source: Washington G-2 Reports, company filings, William Blair & Co. research notes.

Genoptix's DSO Inches Up in 2009

Wall Street analysts continue to watch how labs are managing their days sales outstanding (DSO) and bad-debt expense as the economy continues its struggle to recover (see Table). As reported last month, Quest (Madison, N.J.) is leading in DSO, holding steady at 43 for 2009, down from 44 at the end of 2008. LabCorp's DSO is down significantly in 2009. At the end of last year, DSO was at 44, down from 51 at the end of 2008. Bio-Reference has also improved in this measure. Its DSO is down to 95 compared to 107 at the end of 2008. The only lab among this group that showed an increase was Genoptix. This company's DSO is up slightly to 56, from 53 at the end of 2008.

While Genoptix's DSO is up slightly, its bad-debt rate is down to 2 percent from 3 percent at the end of 2008, making it the leader in this measure. Following is Quest, whose bad debt is down to 3.9 percent from 4.3 percent at the end of 2008. Also showing improvement is LabCorp; its bad debt is down to 5.3 percent compared to 6.2 percent at the end of last year. Among these labs, Bio-Reference (Elmwood, N.J.) was the only lab to show an increase in bad-debt expense. Its rate climbed to 14.2 percent, compared to 13.3 percent at the end of 2008.

GENOPTIX FY09 REVENUE CLIMBS, *from page 4*

for analysis of fluorescent immunohistochemistry. WB&C's Murphy expects to see more of these licensing announcements and possibly an acquisition. "We expect Genoptix to continue to evaluate in-licensing opportunities, a la HistoRx (which provided access to proprietary fluorescent immunohistochemistry (fIHC)), and may look to pursue acquisitions, particularly to build its solid-tumor testing franchise in the future," she wrote.

More Fourth-Quarter Analysis for Genoptix

	2008	2009
No. Sales Rep	55	80
No. Hematopathologists	25	35
No. Ordering Physicians	1,000	1,250
No. Case/Sales Rep	815	750
No. New Cases/Sales Rep	18	5
No. Case per Ordering Physician	11	12

Source: William Blair & Co.

Response Genetics Raises $4 Million; Capital Will Go Toward Sales and Marketing, Infrastructure Expansion

Los Angeles-based onco-molecular testing manufacturer and testing provider Response Genetics has announced that it has raised approximately $4 million from the private placement of over 3 million newly issued shares of its common stock. Proceeds from this current financing will be focused on expanding sales and marketing efforts in support of the company's proprietary polymerase chain reaction-based genetic tests, the ResponseDX line that helps to assess treatment decisions for patients with non-small cell lung cancer, colorectal cancer, and gastric cancer.

Current sales and marketing efforts appear to already be paying off in a big way for Response. Company President and CEO Kathleen Danenberg told *LIR* that test volume increased from 500 in 2008 to over 4,300 in 2009, and the test reorder rate was now approximately 90 percent. Reimbursement is also up 40 percent for the test this year—from $1,000 to approximately $1,400.

But just how these efforts will move forward in the future is unclear. However, there are indications that the partnership between Response and NeoGenomics Laboratories (Fort Myers, Fla.) to develop a national sales strategy is on shaky ground *(LIR,* February 2010, p. 4). Earlier this year, NeoGenomics announced that it was restructuring its relationship with Response after the relationship failed to yield any profit in 2009. Danenberg declined to provide the details on its current relationship with NeoGenomics, except to say that a partnership is still in place.

The company appears to be planning on investing in its own resources to grow its sales efforts, having recently announced it is expanding its sales staff—now at 15, up from 10 at the end of 2009. "Our priorities for growth will continue to be ramping up the sales of our ResponseDX tests and capturing market share as diligently as possible," Danenberg explained.

Cleveland HeartLab Raises $3 Million, Focuses on Sales and Marketing Expansion

Following its launch last November, Cleveland HeartLab recently announced completion of a $3 million fund-raising round, which will be used to advance sales and marketing efforts for its advanced lipids testing services, as well as expand its CLIA lab operations.

The company is focused on offering testing services related to biomarkers that assess a patient's risk of inflammation in cardiovascular disease. In fact, approximately 50 percent of people who have a cardiac event like a heart attack or stroke have normal lipids, according to Cleveland HeartLab's President and Chief Executive Officer Jake Orville. "Although advanced lipid testing is certainly a better method to asses risk beyond normal lipids, vascular inflammation is what causes the event," he added.

While the Cleveland HeartLab offers a comprehensive menu of cardiovascular risk profile testing services, the company's proprietary offering is the CardioMPO. This Food and Drug Administration-cleared test is based on technology discovered and developed at the Cleveland Clinic. CardioMPO is an enzyme immunoassay that assesses the amount of myeloperoxidase, or MPO, in human plasma. MPO levels are linked to both inflammation and oxidative stress. "Our company was founded to take valuable research and intellectual properties founded at the clinic to commercialization," said Orville. "We are already receiving hundreds of samples weekly from across the country from physicians interested in more specific cardiovascular risk assessment related to inflammation."

Expanding Sales Efforts

The HeartLab's current four-person commercial team is focused on selling to community-based lipid physicians, also known as lipidologists. "These are practitioners seeing patients 55 and older that have a risk factor, whether it's family history, high blood pressure, or other factors that indicate they should be screened for risk of heart disease," said Orville.

This recent capital fund raising will go toward expanding the sales staff to a total of five or six this year.

A broader sales effort will allow the HeartLab to go deeper into the lipid and advanced lipid testing markets. The lipid testing market comprises about 64 million tests annual (nonhospital) volume and is valued at approximately $1.8 billion, according to Orville, who estimates that the advanced lipid testing market could reach an annual value of approximately $5 billion.

Cleveland HeartLab's CEO Jake Orville told* LIR *that Medicare reimbursement for the lab's CardioMPO test was increased over 200 percent in January 2010—from $18.07 to $48.62. "This was the first ever successful appeal of Medicare reimbursement under the new CMS guidelines and certainly positive in light of many other tests being reduced by 1.9 percent," said Orville.

Lab Index Begins to Rebound; Up 3% Last Five Weeks; 6% Full-Year 2010

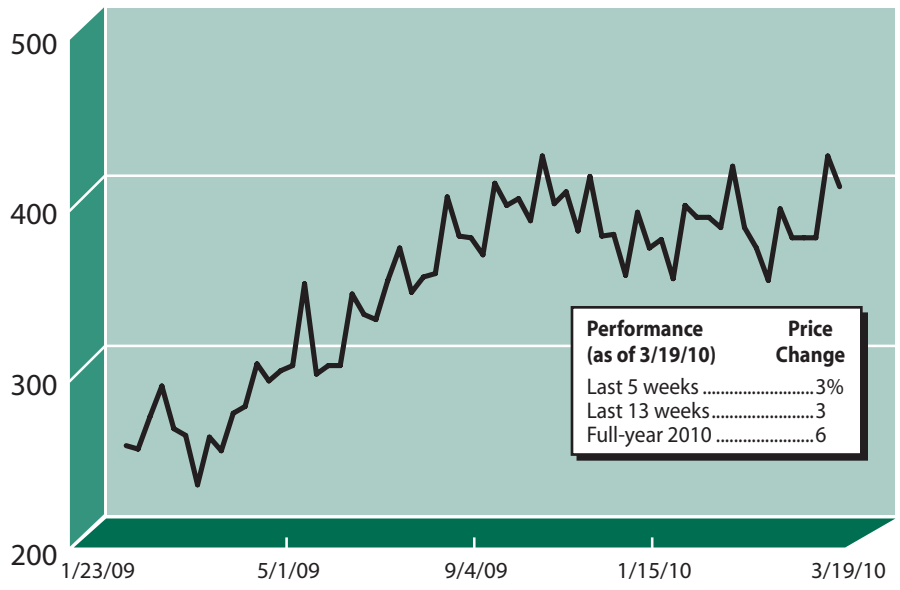
In late March and early April, the 13 publicly traded labs tracked by G-2 Reports' Laboratory Stock Index began to show some signs of strength. Over the past five weeks, the index is up 3 percent, and and up 3 percent over the past 13 weeks for the week ended March 19, 2010. The Nasdaq and S&P 500 are also showing strength—each is up over 2 percent. The S&P is up 2.4 percent, while the Nasdaq is up 2.9 percent.

As indicative of this rebound, 11 of the 13 labs posted gains for the four weeks ended March 22, 2010. **Clarient** (Aliso Viejo, Calif.) led the list of gainers, up 22 percent to $2.59 per share for a market cap of $200.62 million. Three labs followed Clarient with gains of 12 percent each. **Enzo Biochem** (New York City) is up to $5.98 per share with a market cap of $225.63 million, **Medtox Scientific** (St. Paul, Minn.) is up to $9.98 per share for a market cap of $84.54 million, and **Myriad Genetics** (Salt Lake City) is up to $25.03 per share for a market cap of $2.42 billion.

For up-to-the-minute laboratory and diagnostic firm data, financial news and company podcasts—go to **www.g2reports.com**

There were also three labs tied with 10 percent increases each. **Bio-Reference Laboratories** (Elmwood Park, N.J.) is up 10 percent to $43.85 per share for a market cap of $614.02 million, **Genomic Health** is up to $18.81 per share for a market cap of $540.07 million, and **Orchid Cellmark** (Princeton, N.J.) is up to $1.68 per share for a market cap of $50.29 million. As mentioned earlier, only one lab posted a loss over the past four weeks for the week ended March 19. The cancer genetic testing provider **NeoGenomics** (Fort Myers, Fla.) is down 3 percent to $1.35 per share for a market cap of $49.45 million.

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 3/22/10

	Percent Change	*Price*
UP		
Clarient	22%	$2.50
Enzo	12	5.98
Medtox	12	9.98
Myriad Genetics	12	25.03
Bio-Reference	10	43.85
Genomic Health	10	18.81
Orchid	10	1.68
DOWN		
NeoGenomics	3	1.35

INDUSTRY buzz

Seacoast Pathology Launches DermDX

Exeter, N.H.-based Seacoast Pathology is expanding into the lucrative dermatopathology market with the recent launch of a new division called DermDX. This new division will be headed by Timothy Quinn, M.D., and Anne Allan, M.D. Seacoast is part of Aurora Diagnostics' (Palm Beach Gardens, Fla.) partnership of pathology testing providers.

Quest Partners with Health Discovery Corp., Smart Personalized Medicine

The nation's leading testing services provider has signed development and licensing agreements with Health Discovery Corp. (HDC; Savannah, Ga.) and Smart Personalized Medicine, (SPM; Milford, Del.) related to new tests for assessing breast cancer therapy options. The agreement dictates that HDC and SPM receive up-front licensing payments, development fees, and royalties on a per test basis from Quest.

References

American Clinical Laboratory Association 202-637-9466
Bio-Reference Labs 201-791-3600
Centers for Medicare and Medicaid Services 800-633-4227
Chi Solutions 734-662-6363
Clarient 888-443-3310
Cleveland HeartLab 216-444-9886
Enzo Biochem 212-583-0100
Genoptix 760-268-6200
Genzyme 617-252-7500
LabCorp 800-334-5161
LINWAR Securities +61 (0)2 9025 5800
Medtox Scientific 800-832-3244
Myriad Genetics 801-584-3600
Orchid Cellmark 609-750-6436
Response Genetics 323-224-3900
Sonic Healthcare +61 (2) 98-555-333
Quest Diagnostics 800-222-0446
William Blair & Co. 312-236-1600

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.

Julie McDowell, Managing Editor; Dennis Weissman, Executive Editor; Beth Butler, Marketing Director; Dan Houder, CMO; Doug Anderson, VP & 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 973-718-4700.