

LABORATORY INDUSTRY REPORT®

Dennis W. Weissman, Publisher

Vol. XII, No. 4/April 2003

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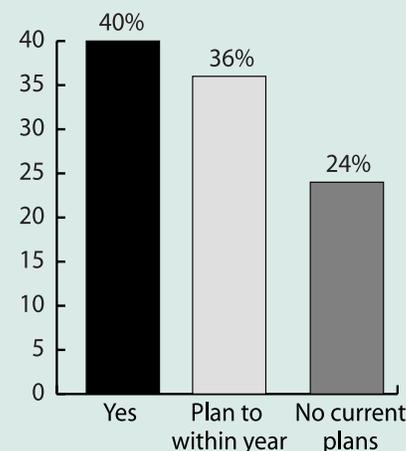
Labs Moving To Internet-Based Reporting And Order Entry, But Are Physicians On Board?

After several years of taking a wait-and-see attitude toward Internet-based results reporting and order entry systems, hospitals and independent labs are now steadily adding these capabilities and offering the service to their larger physician office clients.

Forty percent of the 190 participants in an on-site survey at Washington G-2 Reports' last Lab Institute said they currently have an Internet-based system for providing test results to physicians, while another 36% said they plan to have one within a year.

But as labs allocate scarce budget dollars and time to new Internet-based systems, the million-dollar question is, "Will physicians, who are notoriously resistant to changing their practice patterns, adopt this new technology?" The answer remains in debate, but one ominous signal has been sent by the physicians at Cedars-Sinai Medical Center (Los Angeles, CA) whose complaints recently forced the suspension of a multimillion dollar Internet-based order entry system after only a few months of use. For details, see *Inside The Laboratory Industry*, pp. 5-8. 🏠

Does your lab have an Internet-based system for providing test results to physicians?



N=190 (69% hospital lab directors and managers; 25% independent labs; 6% other)
Source: Lab Institute Survey, October 2002

4Medica Sabotaged By False E-Mail Letter

On March 4, dozens of laboratory software executives received an e-mail stating that 4Medica Inc. (Culver City, CA), one of the largest independent providers of Internet-based lab test result reporting and order entry systems, had ceased operations. The e-mail directed all inquiries to 4Medica's law firm and was signed by the company's president, Ravi Sharma. There was only one problem with the letter: it was a complete fabrication and was not written or sent by Sharma. ➔ p. 2



■ **4MEDICA**, from page 1

He tells *LIR* that the fraudulent letter was probably written by an ex-employee or competitor in “an attempt to derail our success.”

He says that after receiving the letter, many of 4Medica’s competitors forwarded it to lab managers and directors, thereby adding to the spread of the misinformation. However, Sharma says that after discovering the letter was a hoax, many of 4Medica’s competitors have helped the company clear up the confusion caused throughout the lab industry. “They understand, today we are the target, but tomorrow they could be the target,” he observes.

Sharma says the letter was especially offensive because it used his name and came from his Yahoo e-mail address. He says that 4Medica has contacted the local police and the FBI, which are each investigating the case as a criminal matter. 4Medica’s attorneys have also subpoenaed the company’s Internet service provider and Yahoo to try to figure out where the e-mail originated.

Meanwhile, David Edelstein, executive vice president at 4Medica, tells *LIR* that the company has now installed its Internet-based lab communication system, named Diagnostix, at approximately 85 lab customers, including Florida Hospital (Orlando), Detroit Medical Center, and Clinical Pathology Labs (Austin, TX). 🏠

Gibson’s Guide For Writing Off Old Accounts Receivable Balances

“The older it is, the less valuable it is,” Hugh Gibson, vice president at the billing management company, Per-Se Technologies Inc. (Atlanta, GA), told the audience at Washington G-2’s recent Laboratory Outreach conference. Gibson was referring to the accounts receivable balances at hospital outreach programs, which he said are often hugely overstated because of unrealistic writeoff policies for old claims.

Poor financial controls are giving many outreach programs the illusion that they are a lot more profitable than they really are, according to Gibson, whose past experience includes leader of the hospital business development group at Quest Diagnostics. He cited one example of an unnamed hospital outreach program in the Southeast that Quest had considered purchasing. The hospital’s records showed an annual operating profit of \$750,000 on net sales of \$4 million. How-

ever, an analysis by Quest showed that the hospital was overstating its accounts receivable balance and was actually losing \$1.8 million per year on net sales of \$2 million. “Many hospital outreach programs have a great client list, but aren’t managing their accounts receivable well,” noted Gibson.

Gibson provided some rules of thumb for writing off aging Medicare claims balances, including advice to writeoff 100% of all claims that are more than 150 days old. He suggests that only those claims that are 60 days old or less should be kept on the books with no writeoffs. 🏠

A/R Disallowance Guidelines For Medicare Billing	
Age of Claim	A/R Disallowance
0-30 days	0%
31-60 days	0%
61-90 days	25%
91-120 days	50%
121-150 days	75%
151+ days	100%

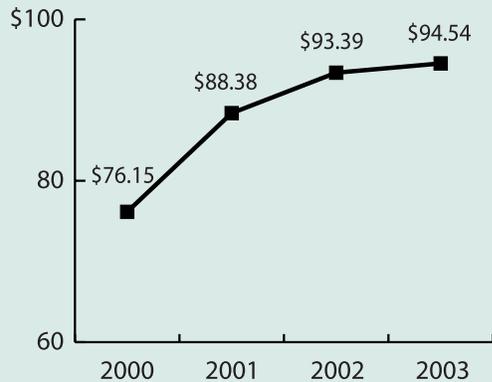
Source: Gibson (Oct. 2002)



New Conversion Factor Means 6.3% Hike For Physician Fees

A last-minute action by Congress and a rapidly released final rule from the Centers for Medicare & Medicaid Services mean that, effective March 1, the new 2003 conversion factor for the Medicare Part B physician fee schedule is 36.7856. That's 6.3% higher than in the original 2003 physician fee schedule rule, which had put the conversion factor at 34.5920, and it's 1.6% higher than 2002's level of 36.1992.

Global Reimbursement for CPT Code 88305*



*Unadjusted for geographic practice cost differences
Source: *Federal Register*, Feb. 28, 2003

For pathologists, the change means that CPT code 88305 (the most frequently billed pathology procedure) is now being reimbursed by Medicare at a global rate of \$94.54, including \$40.83 for the professional component plus \$53.71 for the technical component. This compares with global reimbursement of \$88.90 under the original 2003 physician fee schedule rule and \$93.39 under the 2002 schedule.

Averting the original cut for 2003 means that global reimbursement for 88305 continues its string of

annual increases. Over the past three years, 88305 has risen by an average rate of 7.5% per year. ▲

LIR's Interview With Baystate's Doug Jaciow

One of the highlights of Washington G-2 Reports' recent lab outreach conference, held February 20-21 in Atlanta, was a presentation by the outspoken Doug Jaciow, a 30-year employee of Baystate Health System (Springfield, MA), where he currently serves as director of BHS Pathology Services and is responsible for management oversight of three hospital laboratories and a 22-member pathology group practice. It should also be noted that Jaciow provided management oversight of the development of the BHS outreach program, Baystate Reference Laboratories, in 1996. From its start six years ago, BRL has grown to become the market leader in western Massachusetts; it generated net collected revenue of \$25 million from outreach services last year. As a followup to his presentation, *LIR* recently interviewed Jaciow on a number of hot topics in the laboratory industry. Here's what he had to say:

Has BRL introduced an Internet-based test results reporting and order entry system yet?
No. We're ready for the Internet, but our group practice clients are not. A lot of practices don't have the Internet connections and computer equipment necessary for us to provide this service. We meet regularly with our physician clients, and many of them are of the opinion that Internet-based services will make their lives more complicated rather than easier. Succeeding in outreach is not about how exotic your equipment is. You don't want to push your customers into something they're not ready for. Realistically, physician acceptance of Internet services is still probably three to five years away.



What's your outlook for direct-to-consumer testing (i.e., without a physician's authorization)?
 This is a new market that I'm really excited about. BRL does not yet offer this service and, as a matter of fact, it's currently illegal in Massachusetts. But we've begun planning how we can get involved once it does become legal. We've already got 20 patient service centers; we'll need to print up new requisition forms; and we're thinking about ways we could market testing in local supermarkets and drugstores. The nice thing about direct-to-consumer lab testing is that it doesn't require a big upfront investment on the part of labs.

If you don't have a group of billers focused on the laboratory, then I suggest you hire a private billing company to do it for you, Jaciow advises

The thing that will propel this market is convenience. Americans won't be opposed to paying for lab tests as long as the service is convenient, fast, and discreet. If you're going to be in the lab business, then this market is something you'd better pay attention to.

Describe the billing process for outreach at BRL.

We have a small lab audit group that reviews every bill before it is forwarded to the hospital patient accounting department. Within the hospital patient accounting department there is a group of approximately six people who focus strictly on outreach billing. BRL's days in accounts receivable is approximately 68 days. Our goal is to take that down to 60 days.

What's the profitability of BRL?

To be honest, we're still trying to get our arms around that question. It really depends on how you allocate the overhead for the hospital and the laboratory. What I can say is that hospital administration is encouraging us to expand, and that's a good sign.

How is BRL coping with the laboratory employee shortage?

Last year we had 51 vacancies, we're now down to five. I'd hate to tell you what we paid out in retention bonuses. In New England, we're stealing medical technologists from one another. This is not the solution.

One thing to remember about a sign-on bonus is that they are very discouraging from the point of view of a long-term existing employee. We offer referral bonuses to existing employees who help recruit new lab hires, notes Jaciow

We're paying retention bonuses of anywhere from \$1,000 to \$5,000 per medical technologist, depending on how hard the position is to fill. The hardest-to-fill position for us is third-shift generalist. We spread out the bonus to encourage the employee to stick with us. One-third is paid after a 90-day probation period, another third is paid at six months, and the final third is paid at the end of one year on the job.

What's your outlook for hospital outreach programs? Are they legitimate contenders against the national labs?

Too often hospitals approach the outreach market in a half-hearted way. To compete you've got to offer the same level of service as the commercial labs. Your courier network and your billing procedures must be every bit as good. It takes a lot of entrepreneurial spirit, and that's one thing that is lacking at many outreach programs.

Even so, I believe that because they are local providers, hospitals will gain share over the commercial labs over the long run. In order to remain relevant, the commercial labs will need to transition to more of a partnership model with hospitals and concentrate on their reference testing capabilities. 🏠

When Will Physicians Embrace Lab Internet Services?

Getting doctors
and their staff to
make use of
Internet
order-entry
systems is not
easy!

Illustrating just how difficult it can be to get physicians to change their practice patterns and adopt new technologies is the recent news that Cedars-Sinai, the largest private hospital in the western U.S., has suspended use of an expensive new Internet-based system for doctors' orders. According to the *Los Angeles Times*, which broke the story in its Jan. 23, 2003 edition, doctors at the hospital forced the suspension of the system, dubbed the Patient Care Expert (PCX), complaining that it was endangering patient safety and required too much work.

PCX, which was developed internally with the help of Perot Systems (Plano, TX), is designed to reduce medical errors, replace paper-based ordering systems, allow doctors to track orders electronically, let them order and receive lab tests, and warn them about dangerous drug interactions. Rollout of the system began for inpatient services last October 22, and all attending staff and faculty physicians at Cedars-Sinai were required to learn how to use it or risk losing their privileges to the 900-bed hospital.

But the rollout was reportedly plagued with problems. In addition to glitches, physicians complained that the system was too slow and added to their workload. For example, Dr. Stephen Uman, an infectious disease specialist, told the *Los Angeles Times* that it used to take him five seconds to write an order, but with PCX it took several minutes, including time to log on, select his patient's record, search through several screens, and reenter his password to confirm the order.

Uman said he can have 15 to 20 patients in the hospital at any given time. "If I have to add five to 10 minutes to each patient, that adds hours to my day," he said. "That's time that I can't read, I can't be with my family, or I can't be with my patients." Uman helped organize the rebellion against PCX that culminated in a nearly unanimous physician vote to urge the hospital to halt use of the system. That gained the attention of hospital administrators and on January 23 the system was switched off.

A spokeswoman from Cedars-Sinai tells *LIR* that the suspension of PCX is temporary. She says the hospital is now evaluating input from all sources to improve PCX for re-introduction, although a timeline for this has not yet been determined. "We believe the system never compromised patient safety. The biggest obstacle has been physician acceptance," she says.

Meanwhile, a separate initiative at the Cedars-Sinai laboratory aimed at introducing an Internet-based system to outreach clients is seeing mixed results. In late 2001, Cedars-Sinai announced a contract to use lab test order entry and results reporting services from LabPortal.com, which is now part of Quest Diagnostics. Khalil Huballa, manager of laboratory support services at Cedars-Sinai, tells *LIR* that physicians are happy with the results reporting service, but none have adopted the order entry component yet. Adoption of lab order entry "is going to take a while, because many clients feel they are

doing our job and they do not have the staff for it," notes Huballa.

For laboratories now in the process of introducing Internet-based lab order entry and results reporting systems, the experience at Cedars-Sinai should serve as a sobering reminder of how difficult, costly, and time consuming it can be to change physician practice patterns, observes *LIR*.

For more perspective on the outlook for Internet-based lab services, *LIR* sought insight from a dozen lab industry executives, including software vendors, consultants, and lab managers. We asked five key questions and here's what they said:

How much does it cost?

LIR observes that the costs for initiating and maintaining an Internet-based results reporting and order entry program can be placed into five categories. The first includes the one-time costs paid to vendors for installation of and training on a new system, which generally range between \$50,000 and \$100,000, several vendors tell *LIR*.

The second cost category includes the hardware purchases needed to get a physician client up and running on an Internet program. These costs include the purchase of bar-code label printers for test tube identification, which cost approximately \$400 to \$500 each, according to Vic Pound, a consultant at Park City Solutions/Lab Services Group (PCS-Ann Arbor, MI). He also estimates that labs will need to buy computers and laser printers for roughly one of every three physician office clients they hook up at a combined cost of some \$1,000 each (computer plus laser printer).

The third category of costs is recurring fees for interface and license maintenance. Vendors basically have two methods of charging for these fees. For example, LabDat (Burbank, CA) charges its lab clients approximately 30 cents per result

report viewed on its system and another 30 cents for every order entry. Thus, the roundtrip cost is 60 cents per test. Wayne Martin, national sales manager at LabDat, says this method of pricing ensures that labs only pay when the service is used and provides an incentive for LabDat to help a lab customer increase physician adoption.

Another common method of ongoing billing is a per-physician licensing fee. For example, Cory Fishkin, president of CareEvolve (Elmwood Park, NJ), says his company charges labs a straight monthly fee of \$25 to \$45 for every physician client that a lab has connected with using the CareEvolve system. Thus, if a lab has 100 physician clients hooked up at a flat rate of \$35 per doc, it would cost about \$3,500 per month, or \$42,000 per year.

The fourth category of costs includes the cost of purchasing dedicated Internet line connections for physician office clients. For example, the monthly charge for broadband Internet service (DSL or cable modem) is somewhere around \$50 per month. Thus, a lab paying this charge on behalf of 25 of its physician office clients would be shelling out \$1,250 each month, or \$15,000 annually.

Last, but not least, is the cost associated with the time it will take for a lab's service or sales representatives to train the physician office on the new system. "The physician staff training needed to implement the order-entry component should not be underestimated," notes Joe Stumpf, vice president, senior executive of strategic sales at Misys Healthcare (Raleigh, NC). "The frequent turnover among physician office staff means that labs will also need to do a lot of repeat training," he adds.

Pound sums up the costs of introducing Internet services this way: "Add it altogether and it's a big investment. You'd better be serious about your outreach program if you're going to move forward on this."

Will physician clients help pay for this new service?

Software vendors say that physicians are eager to use Internet-based order-entry programs because they allow physicians to send in “clean” lab orders. And the test-results component gives physicians the option to look up results with a Web-browser anytime, anywhere. But if physicians really are eager to gain access to this new technology, then the question is, “Why don’t they pay for it?”

An independent laboratory on the West Coast that wishes to remain anonymous tells *LIR* that it has been trying for a year to get a few of its larger clients to help pay for the cost of hooking them up to an Internet-based system. “We’re telling them that if they want to drive a Lexus [i.e., use Internet-based lab services], then they have to pay for it,” says an executive at this lab. But, so far, no clients have been willing open up their wallets. As a result, this particular lab’s Internet-based lab services program is at a standstill.

Asked to comment on the willingness that most other labs have shown in swallowing the whole cost themselves, our anonymous source says, “The costs of providing these services are not insignificant. At some point labs have to decide whether they’re in this business to make a profit, or are they philanthropic organizations.”

Meanwhile, Jan Steiner, MD, senior principal at PCS, says that physicians simply won’t pay for outreach service enhancements. “It’s a competitive issue. The big commercial labs are offering this service, and so hospital outreach programs must also,” says Steiner. He also notes that physician offices have historically not paid for lab teleprinters, phone lines, requisition forms, etc., so asking them to pay for Internet-based services would be difficult.

Finally, one software vendor tells *LIR*, “Most doctors won’t even pick up the tab for a

staff lunch meeting; how can you expect them to pay for this [Internet services]?”

Which physician offices are most likely to embrace Internet services?

Although dozens of laboratories have now purchased Internet-based services, most are in the early stages of deployment and currently offer the services to only a handful of pilot physician office clients. Generally, these practices are bigger and younger than the average group. The question of whether or not physicians en masse will adopt the technology remains unanswered.

Alan Kaye, president of PathNet Esoteric Laboratory Institute (Van Nuys, CA), says his lab has offered Internet-based results since early 2002, and two physician group clients are making use of the service. He says the two groups happen to be very large clients with multiple clinic locations. Internet-based results reporting allows the physicians to have access to lab test data as they travel from clinic to clinic, notes Kaye.

However, he says smaller physician groups that operate from a single location have generally not expressed strong demand for the service. “Small-practice physicians are happy with traditional fax and printer results as long as delivery comes within 24 hours,” according to Kaye.

PCS’s Pound says that because of the added expense, a good rule of thumb is to offer Internet services to those physician office accounts that generate a minimum of \$5,000 per month in lab billings.

How can labs speed the rate of physician adoption of Internet services?

For the most part, physician offices that are offered Internet-based results reporting services have been receptive. But that’s probably only because the service is free and it creates another option whereby physicians can view lab test results as a complement (not a replacement) to existing

options such as mail, fax, teleprinter, and phone calls. Getting widespread physician office adoption of Internet-based order entry is likely to be much more difficult.

Mary Batke, information technology specialist at the laboratory at Detroit Medical Center (DMC—Detroit, MI), says that her lab introduced a results reporting program from 4Medica to 15 physicians in several groups last summer; order entry was introduced a few months later. The physician response from this limited rollout has been very positive, according to Batke. She says that DMC is now receiving 90% of its lab orders from these physicians via the Internet.

Other labs report similar success with the rollout of Internet-based order entry systems to a handpicked group of Internet-savvy clients. But, the real test will come when labs try to spread the technology to a more general client population, observes *LIR*.

David Edelstein, executive vice president at 4Medica (Culver City, CA), notes that only a tiny number of physicians currently use laptops in their patient exam rooms and are willing to input order-entry data themselves. He says the real sale regarding order-entry services has to be made to the phlebotomists, nurses, and office administrative staff that will be inputting the orders from the physicians' notes.

To raise your success rate in introducing the technology, Wayne Martin of LabDat suggests that demonstrations at physician offices be run on the client's PC. "This is more convincing and will really keep their attention. Don't bring your own PC. If you do, the staff will think it's smoke and mirrors," according to Martin.

Although most software vendors say their systems work fine on 56K modems, PathNet's Kaye says that high-speed Internet connections are a must. "The extra

time that dial-up phone modems take is just too frustrating for physicians and their staff," according to Kaye. And Pound notes that the general expectation from physicians is that labs will provide them with a high-speed connection.

"Introduction [of Internet-based services] requires a very significant effort on the part of labs to educate and train physician office staff," notes Barry Portugal, president of Health Care Development Services (Northbrook, IL). He advises labs to seek software vendors that will play an active role in helping to train and monitor use by physician offices.

What should labs look for from the software vendors?

William Neeley, M.D., laboratory director at DMC, advises other labs to proceed with caution when selecting an Internet lab system vendor. "There are still a lot of companies out there overpromising on the capabilities of their systems," he warns. Two key functions to look for, according to Neeley, are 1) the system should interface directly with the lab's existing LIS; and 2) it should allow physician office staff to print out bar-code labels with accession numbers for test tubes, so that labs can load the tubes directly onto instruments without the need to re-enter data.

How long before Internet-based lab order entry and results reporting become the standard?

There is unanimity among the experts interviewed by *LIR* that Internet-based systems will someday become the standard practice for communications between labs and their outreach clients, with benefits accruing to both sides. The timetable for this transition is less certain, but most predict that the majority of orders and results will be provided via the Internet sometime within the next three to five years. 🏠

An Update On Internet Initiatives At Quest And LabCorp

Quest and LabCorp are each stepping up their efforts to connect with physician office clients via the Internet

Despite the challenges of physician adoption, many hospitals and independent labs believe that Internet-based systems have become a mandatory cost of doing business in lab outreach. "It's now a customer retention issue, because if you don't offer it [Internet services] to your clients, then you're leaving the door open for Quest or LabCorp to come in....It may take a few years, but the payoff from cleaner accessions and reduced client service costs will come to labs," observes Joe Stumpf, vice president, senior executive of strategic sales at Misys Healthcare (Raleigh, NC).

Quest Diagnostics recently announced the official launch of its eMaxx Internet portal to physicians nationwide. Among other features, the eMaxx web portal, developed by Quest's MedPlus subsidiary (Cincinnati, OH), allows physicians to order lab tests and review results online. eMaxx also includes a clinical information repository that lets physicians view patient data from other sources, including hospitals and radiology centers. Prior to the national launch, Quest piloted eMaxx with several hundred physicians.

Quest acquired MedPlus in November 2001 for a total of \$26.5 million in cash (*see LIR, November 2001, p. 4*).

Meanwhile, Ellen Hogan, director of marketing for MedPlus, tells *LIR* that LabPortal.com has been integrated into MedPlus' operations in Cincinnati. LabPortal.com had operated out of Chantilly, VA, as a subsidiary of American Medical Laboratories, which Quest acquired in early 2002.

LabPortal.com markets an Internet-based results reporting and order entry system that is currently used by 10 lab customers, including Pathology Associates Medical Laboratories (PAML-Spokane, WA), Geisinger Health System (Danville, PA), and Cedars-Sinai Medical Center (Los Angeles, CA). Hogan says that MedPlus plans to continue to offer the LabPortal.com service.

As of year-end 2002, Quest reports that approximately 10% of all test orders it was receiving and 15% of results were being transmitted via the Internet.

LabCorp (Burlington, NC) recently signed an agreement with Misys Healthcare to create an electronic interface that will link physicians using Misys' electronic medical record and electronic data interchange products to LabCorp's central system in Research Triangle Park, NC. The new interface will allow physician offices that use the Misys EMR to order and receive lab tests from LabCorp over the Internet. Beta testing is set to begin early this spring with full rollout anticipated later this year, according to Pam Sherry, spokeswoman for LabCorp.

Sherry notes that LabCorp will continue to use Internet-based systems from a number of other vendors as well, including 4Medica, WebMD, and Labtest Systems.

How long will it take for Internet-based order entry and results reporting to become the lab industry standard? Scott Mattingly, product line director for Misys Healthcare, predicts it will take one to two years for results reporting, three years for order entry, and four to five years before teleprinters and fax machines are completely replaced. 🏠

ACM Launches Direct-To-Consumer Testing Program

ACM Medical Laboratory (Rochester, NY), a for-profit regional independent lab owned by Unity Health System (Rochester), has launched a direct-to-consumer testing program with an ambitious goal of generating \$250,000 in first-year revenue. In a presentation at the recent Washington G-2 outreach conference, Marie Levin, vice president at ACM, said the program is currently getting about 10 to 12 patients per month through word-of-mouth advertising and free local press. She said that ACM is planning a modest advertising campaign in the local newspapers to drum up business.

The program was officially launched in September 2002, right after New York State passed a law allowing consumers to order tests at a licensed clinical laboratory without a doctor's permission for any analyte approved by the Food & Drug Administration for over-the-counter sale without a prescription (*see LIR, October 2002, pp. 8-9*). Previously, labs in New York were only allowed to do blood-type testing on a direct-to-consumer basis.

Levin notes that ACM launched the program after making only a \$10,000 investment (mostly legal fees, promotional materials, and new requisition forms, etc.). After showing their driver's license, consumers can order tests and have samples taken at any one of ACM's 27 patient service centers. Payment is made by cash, check or credit card and results are mailed back to the patient.

The current menu includes 11 tests, including blood glucose, \$20; drugs of abuse, \$50; prostate specific antigen, \$40 (*see form*). 



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Personal Health Self Test Request

Thank you for choosing ACM Medical Laboratory. Please fill in the information below in order for us to process your test request in a timely and accurate manner. Most test results will be available within 24 hours, unless otherwise specified.

Last Name _____	First name _____	Middle initial _____
Sex: Male <input type="checkbox"/> Female <input type="checkbox"/>	Date of birth _____	Social Security # _____
Street Address _____	City, State, Zip _____	Phone number ()-_____-____
How do you want to receive your results? Mail to address on request: Yes <input type="checkbox"/> No <input type="checkbox"/>	Would you like a copy of the report sent to your physician? Yes <input type="checkbox"/> No <input type="checkbox"/> <i>Signature below required for authorization.</i>	Physician name and address _____
Method of payment: Amount \$ _____	Name on Card: _____	Have you eaten today? Yes <input type="checkbox"/> No <input type="checkbox"/>
Cash <input type="checkbox"/> Check <input type="checkbox"/> Charge <input type="checkbox"/>	Account number: _____	What time did you eat? AM <input type="checkbox"/> PM <input type="checkbox"/>
If Charge Type of card: _____ Expiration date: /____/____	Charge authorization number: _____	

Test Menu
Please check mark the box next to the test you would like to order.

Specific Conditions	
<input type="checkbox"/> Glucose for blood sugar levels (Test #4306)	\$20.00
<input type="checkbox"/> Hemoglobin A1c (HB A1c) to monitor blood sugar (Test #4308)	\$20.00
<input type="checkbox"/> Urinary Tract Infection (Test #4308)	\$20.00
<input type="checkbox"/> Pregnancy (Serum, Test #4309)	\$25.00
<input type="checkbox"/> Pregnancy (Urine #4310)	\$25.00
<input type="checkbox"/> Blood Type: A, B, AB, O, Rh +, Rh - (Test #4311)	\$20.00
Heart Health - Heart Risk	
<input type="checkbox"/> Cholesterol (Test #4312)	\$20.00
Drug Abuse	
<input type="checkbox"/> Screen to detect the presence of drugs (Test #4314)	\$50.00
Cancer Screening	
<input type="checkbox"/> Prostate Specific Antigen (Test #4315)	\$40.00
<input type="checkbox"/> Colorectal - Fecal Occult Blood X 3 (Test #4316)	\$20.00
Infectious Disease	
<input type="checkbox"/> Hepatitis C (Test #4317)	\$45.00

For internal use only.

Use (00099) as Attph/Req

Place Barcode label here

Disclaimer: This self-testing service provided by ACM Medical Laboratory does not replace the diagnostic services and disease management provided by your doctor. You are urged to contact your doctor to follow-up and interpret your test results. A copy of the results can be sent to your doctor, if you wish. By signing this form you are giving us permission to send a copy of the test result to your physician if you have so indicated. If you do not have a doctor, you may contact Unity Health System by calling 585-368-3000 or on the web at www.unityhealth.org, then click on Find A Doctor. I certify that I am at least eighteen years of age, or have a legal guardian signing on my behalf, or am otherwise legally competent to make health related decisions for myself. I have read and understand the contents of this form, and by signing below, I agree to be bound by its contents. (Revised 12/09/02)

Print Name: _____ Signature: _____ Date: _____ Guardian: _____

For phlebotomist use:	Date/Time collected:	Specimens collected:
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Wholly owned subsidiary of Unity Health System



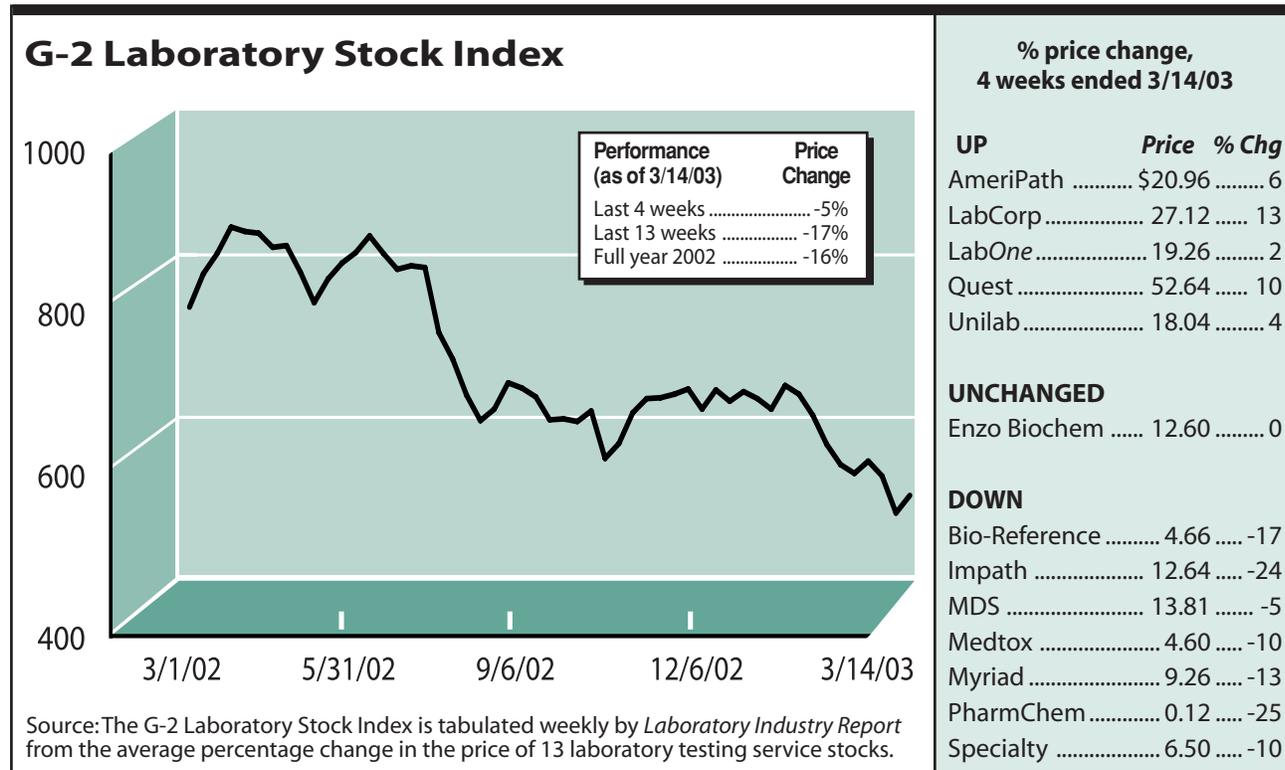
Lab Stocks Fall 5%; Impath Tumbles 24%

Stock prices for the 13 companies in the G-2 Laboratory Index fell an unweighted average of 5% in the four weeks ended March 14, 2003, with seven stocks falling in price, one unchanged, and five rising. So far this year, lab stocks have fallen 16%, while the S&P 500 is down 5% and the Nasdaq is flat.

Impath (New York City) shares fell 24% to \$12.64 per share for a market cap of \$206 million from continued investor reaction to the sudden resignation of the company's chairman and chief executive, Anu D. Saad, PhD (*LIR, March 2003, pp. 1-2*). The company also announced a net loss of \$930,466 for the quarter ended Dec. 31, 2002 vs. net income of \$4.8 million in the same period a year earlier; revenue was up 15% to \$60 million.

Bio-Reference Laboratories (Elmwood Park, NJ) was down 17% to \$4.66 per share for a market capitalization of \$60 million. The company recently reported net income of \$470,067 for the three months ended Jan. 31, 2003, down from \$709,748 in the same period a year earlier; revenue was up 7% to \$23.8 million. Bio-Reference also recently announced plans to buy back up to 500,000 of its shares, or 4% of the total outstanding.

Meanwhile, the stock prices of the two largest commercial labs posted double-digit gains. **LabCorp** (Burlington, NC) was up 13% to \$27.12 per share for a market cap of \$4 billion. **Quest Diagnostics** (Teterboro, NJ) was up 10% to \$52.64 per share for a market cap of \$5.5 billion. 🏠



INDUSTRY *buzz*

Wall Street is pressuring Quest and LabCorp to speed up their internal growth rates. Investors are convinced that the two big commercial labs can grow by acquisition (although the number of takeover candidates of any size is dwindling); now they want to see them keep pace with the lab industry's overall growth rate, which Washington G-2 Reports pegs at somewhere between 4% and 7% per year, including 3% to 5% from test volume and 1% to 2% from pricing.

One strategy that both Quest and LabCorp seem to be employing more frequently is to provide phlebotomy services inside large doctors' offices. "One day you've got a big client and the next day they're gone because LabCorp has placed a phlebotomist at their office," laments one lab director from Colorado. "It's a 180 degree turn from just a few years ago when every lab was scared to death of running into regulatory issues regarding this practice," notes another lab executive.

Meanwhile, Craig Holden, attorney at Ober/Kaler (Baltimore, MD), tells *LIR* that, if state law permits it, there's nothing in the federal law that prohibits this practice as long as the phlebotomist sticks to drawing blood, preparing the specimen, and order entry for their lab only. But he says following these rules is simple in theory, difficult in practice. "If you're employing a full-time phlebotomist at a doctor's office, it's human nature that friendships will develop and the phlebotomist may start filing medical records or covering the phones for the staff. That's where you can run into trouble. And it's very hard to monitor," he warns. 🏠

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 ACM Medical Laboratory
 585-247-3500
 CareEvolve 201-791-2600
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 Services 847-498-1122
 LabCorp 336-584-5171
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