

# LABORATORY INDUSTRY REPORT®

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Vol. XII, No. 4/April 2008

## HIGHLIGHTS

### TOP OF THE NEWS

Quest's role in Google Health ..... 1

Bostwick's IPO faces financial challenges ..... 1

### LAB DATA ANALYSIS

CMS's top 10 lab, pathology tests ... 4

### INSIDE THE LAB INDUSTRY

Psychemedics tops productivity measures..... 5

NY market shift helps Bio-Reference..... 6

### LAB ECONOMICS

Economic downturn could challenge lab AR and bad debt ..... 8

### THE MARKET ABROAD

Sonic projects 20% to 25% growth in '08 ..... 9

### THE NICHE MARKET

Ikonisys gets CLIA registration ..... 10

### FINANCIAL

Lab index down 12%..... 11

### INDUSTRY BUZZ

Stanford's basic outreach unit for sale ..... 12



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## Quest Partners With Google to Develop Portable PHR

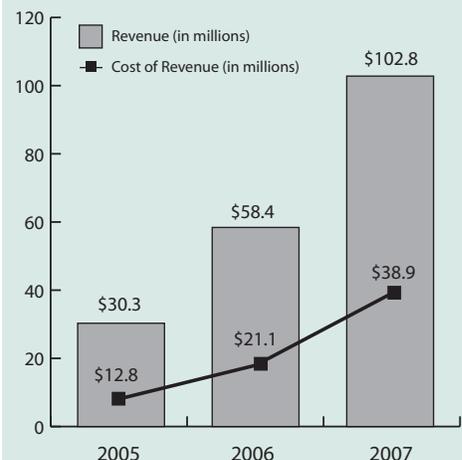
The nation's lab testing leader has joined forces with the country's Internet search giant to provide consumers with secure online access to diagnostic test results through Google Health, a Web-based personal health record (PHR) pilot currently in development. Google Health appears similar to two other online PHR initiatives being developed by IT leaders: Microsoft's HealthVault and Revolution Health. Founded by America Online co-founder Steve Case, Revolution Health operates a consumer health information Web site that allows consumers to create and manage an online PHR.

Like Microsoft's HealthVault, Google Health will be free to consumers. Although Google makes its profit through ad revenue, the company does not plan on placing ads in Google Health at this time, a company spokesperson told *LIR*. "Our business goal is to offer a valuable service to our users and drive brand loyalty and more searches on Google.com where we make our money on advertising," she said, adding that Quest Diagnostics (Madison, NJ) will not derive any ad revenue from the venture. *Cont., on p. 2*

## Debt Load and Economy's Financial Crisis Put Pressure on Bostwick Labs' \$100M IPO

In early March, Bostwick Laboratories moved forward with plans for an initial public offering (IPO), indicating in forms filed with the Securities and Exchange Commission (SEC) that the offering price could be as high as \$100 million. The Glen Allen, Virginia-based anatomic pathology (AP) lab indicates it's looking to expand its presence in both the urology and AP market through hiring more pathologists and sales staff, expanding existing laboratories and building new facilities, as well as acquiring laboratories and upgrading the company's IT infrastructure. *Cont., on p. 3*

**Bostwick's Lab Revenue Activity**





**Portable PHR**, from page 1

## Linking Consumers to Physicians

Under its current design, patients will be able to request that participating physicians make their test results available electronically through Google Health, according to Mary Hall Gregg, Ph.D., Quest Diagnostic's vice president and chief information officer. "For instance, a patient who had a cholesterol test might receive a note from her physician that explains her diagnostic test results are now available and that the physician has determined that the patient's cholesterol level is in a normal range and additional testing is not required at this time," she explained.

For Google Health users who have lab results from other companies, there will be an option for them to manually enter this information, a Google spokesperson explained. "Ultimately, we hope to partner with many laboratory and diagnostic companies so that users can easily import their health data electronically."

Whether consumers will utilize online PHRs remains to be seen. A recent survey conducted by Deloitte Center for Health Solutions found that nearly 80 percent of consumers are interested in using online tools provided by physician offices and hospitals to access medical record and test results, and over 20 percent are willing to pay extra for these services.

But at least one lab industry insider is skeptical that PHRs will gain traction, based on what he's seen so far. "Some may say that now that Google and Microsoft are players, PHRs will take off, but I believe that there are only a relatively small proportion of people right now who have a powerful incentive to take the time to create and maintain a PHR," said Bruce Friedman, M.D., active emeritus professor of pathology in the department of pathology, University of Michigan Medical School, Ann Arbor, Michigan, and director of the Lab InfoTech Summit, held annually in Las Vegas. "Even though Quest is willing and able to populate the PHR with lab data, if you don't have many consumers adopting this, it's not really that valuable of a relationship."

*"Even though Quest is willing and able to populate the PHR with lab data, if you don't have many consumers adopting this, it's not really that valuable of a relationship."*

*—Bruce Friedman, M.D.*

The key audience for PHRs should be patients with chronic conditions, believes Friedman, who writes about various lab industry issues on his blog, [www.labsoftnews.com](http://www.labsoftnews.com). "Their medical costs are very disproportionate to their numbers, while they constitute about 15 percent of the populations, they consume something like 30 percent to 40 percent of the health care costs," he said. "With a proper relationship between insurance companies, health plans, health systems, and chronically ill patients, having an integrated record allows earlier intervention and substantial savings with diseases like diabetes and congestive heart failure. The question is, what incentives could you provide to these patients to motivate them to be the earliest adopters of the PHR, and the strongest incentive would be money, of course." 🏛️



## **Bostwick Labs' \$100M IPO, from page 1**

In addition to these plans, Bostwick also needs capital to repay its current long-term debt load of \$42 million, according to the SEC filing. This debt, as well as the current depressed economy, is causing some lab industry insiders who *LIR* spoke with to be skeptical of the IPO's potential success.

If the lab industry keeps growing at its current rate of 6.3 percent, Washington G-2 estimates that the AP market—which comprises over 20 percent of the overall market—will grow to \$11 billion in 2008 from \$9 billion in 2006. Nevertheless, investors are nervous about investing in young laboratories, according to Stanley Geyer, M.D., former medical director of the Georgetown University Hospital's Department of Laboratory Medicine (Washington, D.C.), and the founder of Geyer Pathology Services LLC (Pittsburgh).

"Bostwick is entering an IPO market that is not as healthy as it's been in the past, and they are trying to raise money to repay debt, create infrastructure, and hire people, which will add costs without necessarily adding revenues or profits," said Geyer. He noted that Bostwick's net income fell to \$2.3 million last year from \$7.1 million in 2006. "It's in these business areas where they are likely to encounter

*"Repaying debt and adding information technology infrastructure and personnel also isn't going to pay a dividend to investors."  
—Stanley Geyer, M.D.*

problems in pricing their stock and how much money they will ultimately be able to raise," he added. "Repaying debt and adding information technology infrastructure and personnel also isn't going to pay a dividend to investors."

There are also likely to be a lot more laboratories entering the AP field in the near future, explained Barry Portugal, president of Health Care Development Services Inc. (Highland Park, Ill.), a consulting firm specializing in strategic planning for laboratory services in hospitals and health systems. He believes the AP market-

place will become more competitive in the coming years, with more academic hospitals and specialty pathology practices expected to launch AP operations.

Bostwick's IPO is good, however, for pathologists, noted Tedd Taskey, associate vice president of Slone & Associates (Erie, CO), an executive search and consulting firm specializing in the diagnostic laboratory industry. Bostwick's expansion plans will allow for more opportunities for pathologists who want to work in a commercial setting. "It's great to have another national player, which will increase the demand for individual pathologists," he added. 🏛️

### **Bostwick Labs: At a Glance**

Founded: 1999 by David Bostwick, MD, MBA, a former Professor of Pathology and Urology at the Mayo Clinic (Minneapolis, MN)

Locations: Virginia, Arizona, New York, Florida, London; just opened a lab in Nashville, Tenn.

Staff: 750

Accession: 2007: 291,000; 2006: 159,000

Days Sales Outstanding: 2007: 46.9; 2006: 49

Current Bad Debt Percentage (2007): 7.4 percent

Growth Focus: Increase market share in AP specialties, including gynecology, gastroenterology, and nephrology; expand into AP specialties such as dermatopathology.



## Top 10 Lab and Pathology Tests—Surgical Path Leads With \$20 Billion in Medicare Dollars

The most recent data from the Centers for Medicare & Medicaid Services (CMS) reveals that surgical pathology continues to be the highest volume Part B pathology procedure, with approximately 20 million procedures and \$1.1 billion in Medicare payments in 2006—well over three times more than any other single procedure in CMS’s top 100 lab and pathology procedures, according to Washington G-2 Reports’ *2008 Medicare Reimbursement Manual for Laboratory & Pathology Services*.

The high volume is due to surgical pathology being one of the few tests where pathologists are reimbursed for a professional component under Medicare, explained Stanley Geyer, M.D., former medical director of the Georgetown University Hospital’s Department of Laboratory Medicine (Washington, D.C.), and the founder of Geyer Pathology Services LLC (Pittsburgh). Because physician payments from CMS are going down, many pathologists make up that loss of income because of the increased number of biopsy and surgical procedures performed by other specialists that result in increased surgical pathology volume, he explained.

Analysis of the top lab tests found that complete blood count (CBC) topped the high-volume and payment list, with over 30 million in volume and \$326 million for Part B lab procedures.

The best paying high-volume tests—defined as one million or more in allowed services—continue to be thyroid stimulating hormone (TSH), with 12.8 million allowed services that paid \$298 million in allowed charges and an average of \$23.41 per procedure. The lowest average allowed charges per test were albumin, serum at \$2.07 and bilirubin, direct at \$2.15.

Overall, spending for Part B lab services furnished in 2006 totaled over \$7 billion, accounting for 1.7 percent of total Medicare expenditures. This 2006 total is up 8.7 percent from 2005’s total of \$6.5 billion. When analyzing hospital-based (outreach and outpatient) spending, CMS spent \$3.94 billion in 2006, which represents an increase of almost 15 percent over 2005’s spending of \$2.95 billion. 

### Top 10 Medicare Part B Laboratory and Pathology Procedures

Rank	Procedure Code	Description	Services	Allowed Charges	Allowed Payment	Average Allowed Charge
1.....	85025.....	Blood count, CBC, auto and auto differential WBC count.....	30,414,696.....	\$326,626,735.78 .....	\$325,622,243.83 .....	\$10.74
2.....	80053.....	Comprehensive metabolic panel .....	23,587,089.....	\$273,942,183.53 .....	\$273,403,636.92 .....	\$11.61
3.....	85610.....	Prothrombin time .....	21,457,089.....	\$117,062,500.51 .....	\$116,737,274.58 .....	\$5.46
4.....	80061.....	Lipid panel .....	20,273,603.....	\$288,598,182.78 .....	\$288,002,758.36 .....	\$14.24
5.....	88305*.....	Level IV - Surgical pathology, gross and microscopic examination.....	20,043,366.....	\$1,116,944,223.13 .....	\$870,133,596.37 .....	\$55.73
6.....	84443.....	Assay thyroid stimulating hormone .....	12,767,124.....	\$298,862,318.49 .....	\$298,419,083.72 .....	\$23.41
7.....	83036.....	Glycosylated hemoglobin test .....	10,941,806.....	\$147,686,035.59 .....	\$147,255,635.22 .....	\$13.50
8.....	80048.....	Basic metabolic panel (Calcium, total) .....	9,906,039.....	\$97,469,218.68 .....	\$97,264,082.53 .....	\$9.84
9.....	81000.....	Urinalysis, non-automated with microscopy .....	5,988,320.....	\$26,488,773.43 .....	\$26,301,499.23 .....	\$4.42
10.....	81001.....	Urinalysis, automated with microscopy .....	5,520,328.....	\$24,434,034.92 .....	\$24,353,088.16 .....	\$4.43

Source: *2008 Medicare Reimbursement Manual for Laboratory & Pathology Services*, Washington G-2 Reports’

## Lab Financial Benchmarks Reveal Psychemedics Tops Productivity Measures

**A**nalysis of the latest annual data from nine commercial labs reveals Psychemedics had the highest revenue per full-time employee (FTE) with \$253,196, up 5 percent from 2006's value of \$241,237. Based in Acton, Massachusetts, Psychemedics has 97 FTEs, and performs drug-of-abuse testing through corporate and school programs.

Genzyme's diagnostic testing business also posted a high revenue/FTE value of \$190,076, up 19 percent from \$160,600 in 2006. Based in Cambridge, Massachusetts, Genzyme has 9,500 total FTEs, with 1,500 working in their clinical laboratory division. Following Genzyme was Myriad Genetics (Salt Lake City), whose revenue/FTE climbed 44 percent to \$175,048 in 2007, compared to \$121,000 in 2006. Myriad Genetics performs molecular diagnostic tests to assess hereditary cancer risk and has 830 FTEs.

For the pre-tax income/FTE, Psychemedics also lead at \$77,938, which is actually down 4 percent from 2006's value of \$81,443. LabCorp followed with \$30,858, up 7 percent from 2006's figure of \$28,836. Quest was down 15 percent in this category in 2007 at \$21,219, compared to 2006's value of \$24,899.

### Psychemedics Scores High in Productivity

- Top Revenue/FTE: \$253,196
- Top Pre-tax Income/FTE: \$77,938

### Financial Benchmarks (2007)

	<i>Revenue (in millions)</i>	<i>Full-Time Employees</i>	<i>Revenue/ Employee</i>	<i>Pre-Tax Income (millions)</i>	<i>Pre-Tax Income/ Employee</i>
Quest	\$6,704.00	43,000	\$155,907	\$912.40	\$21,219
LabCorp	\$4,068.20	26,000	\$156,469	\$802.3	\$30,858
Bio-Reference	\$250.40	1700	\$147,294	\$22.9	\$13,471
Enzo Clinical Labs	\$40.40	300	\$134,667	\$3.30	\$11,000
Genzyme Genetics	\$285.11	1500	\$190,076	n/a	n/a
Myriad Genetics	\$145.29	830	\$175,048	\$(34.90)	\$(42,048)
Medtox Scientific	\$61.31	468	\$131,004	\$9.3	\$19,872
Psychemedics	\$24.56	97	\$253,196	\$7.6	\$77,938
Orchid Cellmark	\$60.30	410	\$147,073	\$(2.96)	\$(7,220)

Source: Washington G-2 Reports, company filings

## NY Market Shift Helps Boost Bio-Reference, but DSO Benchmarks Cause Concern

In the 18 months since LabCorp signed an exclusive contract with United-Healthcare and began expanding its presence in the lucrative New York metro market, Bio-Reference Laboratories (Elmwood Park, NJ) has seen its share of the physician office testing market inch up from around 13 percent to approximately 18 percent.

Prior to the United contract, Quest's portion of the physician office testing market totaled between 65 percent and 70 percent, but now that is down to 55 percent, believes Bio-Reference's Chief Information Officer (CIO), Richard Faherty.

"Once the United contract was announced in October of 2006, we began to see changes taking place right away," he explained. "Based on tracking of gross dollars, we saw at least a multiple of two to two and a half times increase in the business. However, because of the lower reimbursement rates of United and Oxford, it probably isn't as large of a percentage of the net business. It didn't necessarily grow as large on the net side of the business as it did on the gross side of the business."

However, one of Bio-Reference's primary challenges is its high bad-debt expense and average days in accounts receivable (AR), especially compared to the national labs. While the average days in AR, or days sales outstanding (DSO), improved slightly last year to 115 from 120 in 2006, both LabCorp and Quest's DSO have remained in the 40s and 50s. This contributes to bad-debt expense, which has been relatively flat in the 13 percent to 14 percent range over the past few years, but still over four times that of the national labs.

These DSO numbers are particularly high, indicating that something might be going on with its billing capabilities, noted lab industry observer Susan Stegall, a managing partner of Sprick Stegall and Associates (Washingtonville, Ohio). "It could be that because they are offering esoteric testing, they are having trouble collecting payments or they might just have to fix their billing system," she said.

These numbers are high given that Bio-Reference's business model focuses on fee-for-service retail accounts as opposed to hospital and capitated managed care contracts, according to William Blair & Company (Chicago) analysts Amanda Murphy and John Kreger. Collection periods are bound

	Avg Days in AR				Bad-Debt Expense ( percent)			
	2006	2007	2008E	2009E	2006	2007	2008E	2009E
Quest	48	48	n/a	n/a	3.8	4.5	n/a	n/a
LabCorp	54	56	n/a	n/a	4.8	4.8	n/a	n/a
Bio-Reference	120	115	124	123	13	13.9	13.5	13.5

Source: LIR, company reports, William Blair & Company

to be longer because the lab often receives missing or incorrect billing information from the physician offices, but still has to perform the ordered tests. Nevertheless, the analysts estimate that neither the DSO nor bad-debt expense is likely to improve in the future, with average days in AR coming in at 124 and 123 for 2008 and 2009, respectively. They predict that the bad-debt expense will hold steady and maybe improve a bit, at 13.5 percent.

## Continued Growth Ahead

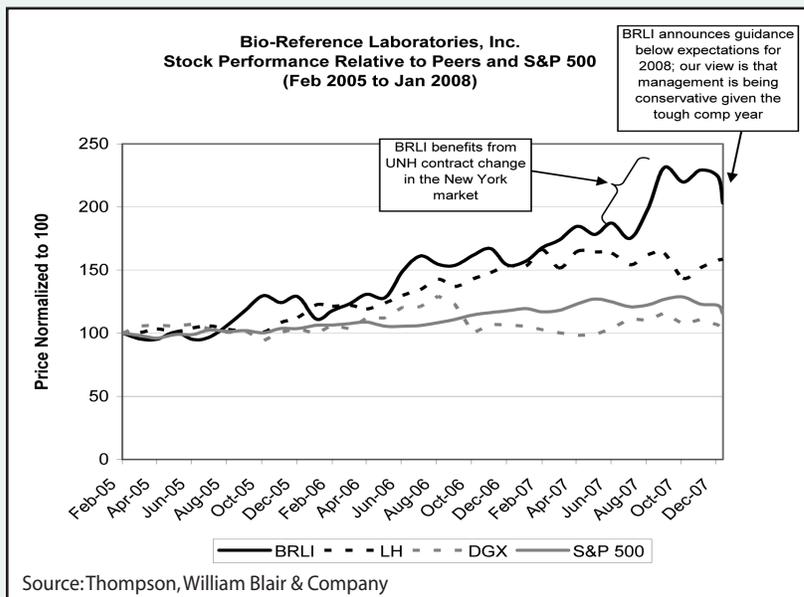
The recent market share gains by Bio-Reference drew the attention of William Blair & Company analysts Murphy and Kreger, who initiated coverage of Bio-Reference in February with an “outperform” rating and “aggressive growth” company profile. Bio-Reference has emerged as the largest independent regional clinical lab in the Northeast, said the analysts, who noted the positive bump the company’s stock performance experienced after the United contract change.

“In our view, Bio-Reference has successfully identified and carved out a niche in both the routine and esoteric lab testing markets,” the analysts wrote in a February 20 research note. “As a result, the company has been able to compete effectively against the two national labs in the highly competitive and attractive New York metropolitan market (garnering an estimated 18 percent share of the \$950 million opportunity), as well as develop a strong national esoteric platform.”

This year, Bio-Reference is projecting a 15 percent revenue increase to \$287.5 million. Esoteric testing is estimated to contribute \$132 million or 45 percent of this revenue. Last year, the company acquired GeneDx, a genetic testing company in Gaithersburg, Maryland, a transaction that Bio-Reference expects will contribute significantly to the balance sheet this year.

But the lab’s oncology lab has been the biggest driver of growth over the past seven or eight years, according to CIO Faherty. “We’ve been growing between 9 percent and 10 percent a year in that particular piece of the business,” he said. Another area of growth for the company in recent years is hematopathology, primarily because there are a limited number of board-certified hematopathologists, and physicians just assume they have to send these specimens out to a specialty lab, like Bio-Reference.

“We’ve been in the hematopathology business now on a national basis since 2001, and it really has been a primary growth driver for us,” he explained. 🏛️





## Receivables, Bad Debt Could Rise as Economic Downturn Challenges Labs

Many U.S. companies continue cutting back health care spending, forcing labs to confront an increased number of patient collections if consumers need to pay for lab testing out-of-pocket. This could lead to an increase in average days in accounts receivable (AR), as well as bad-debt expense for some labs.

LabCorp’s Executive Vice President of Corporate Affairs Brad Smith said in the most recent earnings call that the company has seen an increasing number of high deductible plans where the patient is responsible for more of the payment prior to insurance covering the cost of care. In addition, co-pays and deductibles have also increased. “Although we have been successful in the past in collecting in the face of increased patient responsibility, 2008 could be a challenging year in patient collections if there is a prolonged economic downturn,” said Smith.

The country’s lab testing leader, Quest Diagnostics, has not seen significant changes in plan design during the most recent open enrollment season, said Laure E. Park, the company’s vice president of communications and investor relations, who added that in recent years, employers have shifted some of the health care costs to employees. “While the patient portion of an invoice does have a higher rate of noncollection, we continue to experience good collection rates,” she said. “The bad debt in our underlying business was about 4 percent in 2007, stable with the prior year.”

	Current Avg Days in AR			Current Bad-Debt Expense ( percent)	
	2006	2007		2006	2007
Quest	48	49	Quest	3.8	4.5
LabCorp	54	56	LabCorp	4.8	4.8

Source: Washington G-2 Reports

### Employment Testing Rates Could Decline

If the economy continues to slow and move closer to a recession, hiring rates are likely to slow, which means that both of the national labs would likely experience a hit to its workplace and pre-employment drug-testing businesses. But both LabCorp and Quest said that even if workplace testing utilization falls, their total revenues will suffer only minor damage.

“When there is a reduction in hiring activity, we may experience a reduction in requests for these services,” said Quest’s Park. “We have seen some softness in this business, particularly for retail employers. However, this business represents only approximately 3 percent of our revenues.”

LabCorp’s Smith attributes his confidence to previous experience, although he expressed uncertainty about the impact of a continued economic decline. “During the last downturn in the economy, we did not experience any significant volume declines,” he said, adding that there were other industry factors present at that time that could have masked any decline. “We recognize that economic conditions and health plan benefit designs have changed significantly over the



past several years, so we are uncertain of the effect on volume of a prolonged economic downturn. We monitor our volumes daily and will be closely attuned to any emerging issues.” 

## Sonic Projects 20% to 25% Growth in '08 as Federated Model and Acquisitions Pose Challenge

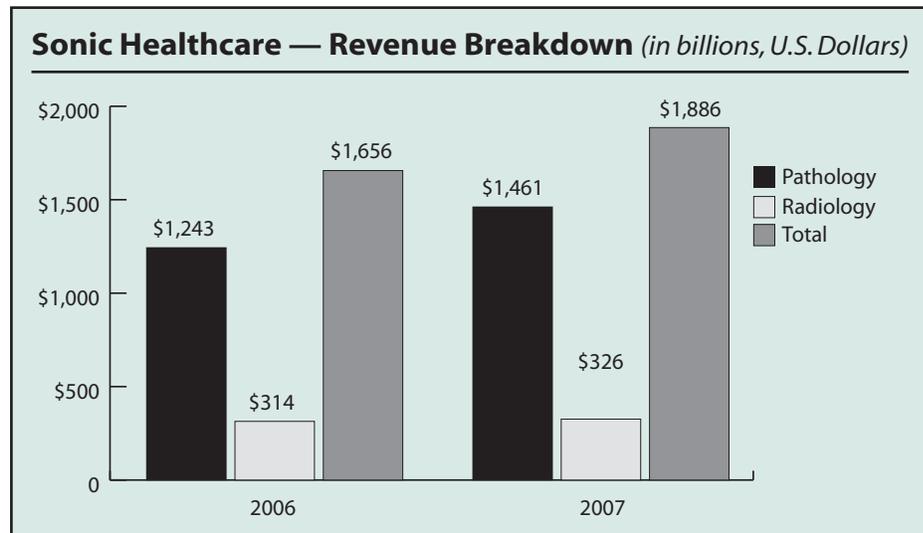
**A**ustralia’s Sonic Healthcare (Sydney) is again projecting double-digit growth in the range of 20 percent to 25 percent this year for its fiscal year 2008, following the company’s release of 2007 results, which totaled AU\$1.89 billion (US\$1.73 billion) in total revenues. This represents a gain of almost 14 percent over 2006 revenues, which totaled AU\$1.66 billion (US\$1.52 billion).

For 2007, Sonic’s pathology operations brought in AU\$1.46 billion (US\$1.34 billion), 77 percent of the total revenue for the year. This is slightly up from 2006, when pathology contributed 74 percent or AU\$1.24 billion (US\$1.14 billion) to the revenue total. Among their pathology businesses, the Australian operations grew approximately 8.6 percent, while organic growth for U.S. operations was approximately 14 percent.

### Low Tax Rate a Concern in 2008

Despite these 2007 gains, Sonic’s recent release of its half-year 2008 earnings of AU\$115 million (US\$105 million) fell slightly short of some Australian analysts’ projections, according to Marcus Wilson, a health care analyst with Macquarie Equities (Sydney). Although not to the degree of the current U.S. market, the Australian market is currently experiencing some upheavals, and even “market darlings,” those companies that routinely post gains, have downgraded their outlook. Australian publicly traded companies release earnings every six month—or

half-year—unlike U.S. companies, which release every quarter.



“Sonic has kept their 2008 guidance, but the key is they came in about [AU]\$1 million short,” said Wilson. “And their tax rate was very low—about 23 percent, when the typical tax rate for Australian corporations is 30 percent. If it wasn’t for the low tax rate, they would have been between AU\$5 and

\$10 million (US\$9.2 million) below expectations.” In fact, Australian companies that buy companies abroad often have a blended tax rate that typically exceeds 30 percent, which should be the case for Sonic, given their international operations in the United States, Europe, and New Zealand. But Sonic has maintained that their tax rate will continue to be low, at 26 percent for 2008.



One challenge facing Sonic is their acquisition approach. The large prices they are paying for overseas acquisitions are forcing them to raise enough equity to make these purchases through debt. This makes it hard to post double-digit earnings

## Financial Benchmarks 2007 (U.S. Dollars)

	Revenue	Full-Time Employees	Revenue/ Employee	Pre-Tax Income (millions)	Pre-Tax Income/ Employee
Sonic Healthcare	\$1,731B	13,000	\$133,154	\$261,181	\$20,091

per share (EPS) growth gains every six months, a benchmark the company strives for, explained Wilson. Another challenge is their commitment to the “federated model,” which preserves local staff and

infrastructure. Under this model, it takes longer for the economies of scale upside from the acquisitions to be reflected in the results of the Sonic parent company.

It is also likely to lead to greater growth in the future, but it’s going to require patience, believes Wilson. “Sonic is going to be very successful in the long term if it continues to follow this federated model,” he explained. 🏛️

## Ikonisys Gets CLIA Registration for Niche Reference Lab

**T**he cell-based diagnostics company Ikonisys jumpstarted this year by receiving CLIA registration for its new clinical laboratory, located in New Haven, Connecticut. Founder and CEO Petros Tsipouras, M.D., said the company wanted to operate a CLIA lab as a way of evaluating its own diagnostic tests run on its proprietary Ikoniscope fastFISH imaging system, which was cleared by the FDA in 2006.

Ikonisys has three more diagnostic tests in the pipeline. These include a FISH-based breast cancer test to assess HER2/neu gene status that the company expects to be cleared by the FDA this June. Also in development are a cervical cancer test and a test for early detection of trisomy 21 (Down syndrome) in circulating fetal cells.

One of the main reasons for operating a CLIA lab is so the company can market these products as laboratory-developed tests. This also allows the company access to labs that might want to purchase the Ikoniscope, which has a list price of \$200,000.

“Unlike some other companies, we don’t view [having a clinical laboratory] as an opportunity to shortcut the [regulatory approval] process,” he explained. “We will use the lab as both as a showcase and a revenue accelerator, but we realize that the market is not necessarily limited to what we can capture. It is a much broader market, which we would like the natural players to capture, and so we sell them our reagents and our instrument.”

Tsipouras expects to launch both the fetal and cervical cancer tests by the third quarter of this year and expects overall lab volume to be between 5,000 and 10,000 this year. “We’re not out to compete with our natural customers, Quest, LabCorp, Genzyme, or other labs,” he explained. “We use this lab to launch our own proprietary tests and to some extent, if our customers want, we can use it to offer them nonproprietary tests for which they have a need but they don’t want to offer it themselves.” 🏛️



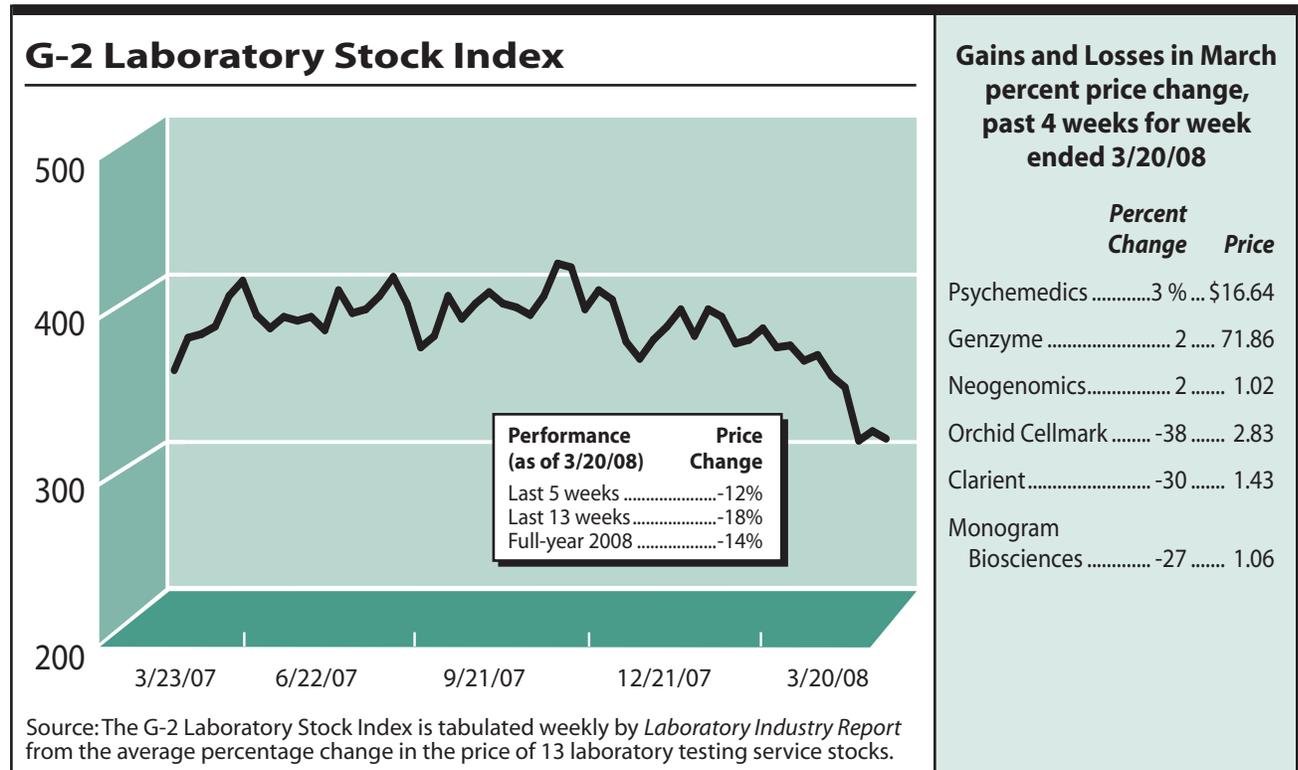
## Lab Stocks Take a Hit in March; Index Down 12% Over 5 Weeks

Just like the rest of Wall Street, the lab industry continues to struggle this year, with the G-2 Laboratory Stock Index down 12 percent over the last five weeks for the week ended March 20, 2008, and down 14 percent for 2008. The Nasdaq and the S&P 500 continue to be down this year. Nasdaq is down 15.57 percent and the S&P 500 is down 10.08 percent so far in 2008.

There was one less day in March for lab stocks to make any gains, since there was no trading on March 21 in observance of the Good Friday holiday. Over the past four weeks, **Orchid Cellmark** (Princeton, NJ), has posted some big losses and was down 38 percent to \$2.83 per share for a market cap of \$87.8 million for the week ended March 20. Also facing comparable losses was **Clariant** (Aliso Viejo, CA), which was down 30 percent to \$1.43 per share for a market cap of \$103.5 million. In addition, **Monogram Biosciences** (South San Francisco, CA) was down 27 percent to \$1.06 per share for \$155.6 million.

Given this current chaotic climate on Wall Street, it's not surprising that only three labs posted gains for the week ended March 20. **Psychemedics** (Acton, MA) was up 3 percent to \$16.64 per share for a market cap of \$87.3 million; **Genzyme** (Cambridge, MA) was up 2 percent to \$71.86 per share for a market cap of \$19.7 billion; and **Neogenomics** was up 2 percent to \$1.02 per share with a market cap \$32.9 million. 🏛️

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## Stanford's Basic Outreach Testing Unit for Sale

Lack of financial viability has prompted Stanford Hospitals & Clinics (Stanford, CA) to sell the unit of its outreach laboratory that performs routine tests, such as blood chemistry, complete blood count, and urinalysis procedures. The laboratory is not selling the surgical pathology and esoteric testing operations, according to communications director Gary Migdol, who declined to comment on the current sale price.

The basic testing unit of the lab has experienced several years of net loss, explained Migdol, adding that there have been a number of potential buyers and significant interest in the lab. In fact, he expects the lab to sell within the next 60 days.

While Migdol declined to disclose the annual volumes of the basic testing services of the outreach lab, the total annual volume of the Stanford Hospital & Clinics system is estimated at 6.4 million. Stanford's outreach testing laboratory has patient service centers and rapid response laboratories throughout the San Francisco Bay Area. 🏛️

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