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LABORATORY INDUSTRY REPORT®

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Issue 02-11/February 2011

HIGHLIGHTS

Recent Acquisitions Spark Optimism For Active M&A Landscape in 2011

Nineteen acquisitions in 2010 totaling more than $2.3 billion and three acquisitions already this year are fueling speculation that 2011 could be an even bigger year for mergers and acquisitions in the laboratory industry.

Three large acquisitions at the end of 2010, worth more than $1.6 billion, could be a sign of things to come. GE purchased Clarient for $587 million in October, Sonic Healthcare acquired CBLPath for $124 million, and LabCorp purchased Genzyme for $925 million.

Big lab companies that have been holding on to cash during the economic downturn of 2008 and 2009 now appear eager to spend some of that money on new acquisitions, say industry insiders. For more on key deals in 2010 and the M&A outlook for 2011, see *Inside the Lab Industry, pp. 5-7.*

Novartis to Acquire Genoptix; APP buys Florida Path Group Lab

Swiss pharmaceutical giant Novartis will pay $470 million to acquire pathology testing company Genoptix (Carlsbad, Calif.), Novartis announced Jan. 24. The deal is significant, in part, because it marks the re-entry of pharma into specialty laboratory testing.

The multiple paid to acquire Genoptix is about 2.4x estimated 2010 revenue of $196 million. Novartis says Genoptix would become part of its molecular diagnostics division and that the company's services are a "strategic fit with the current portfolio of companion diagnostic programs within Novartis Molecular Diagnostics."

In separate news, American Pathology Partners (APP; Brentwood, Tenn.) has acquired the laboratory operations of Palm Beach Pathology in West Palm Beach, Fla., effective Jan. 17. The acquisition expands APP's footprint into Florida.

Continued on page 8

Labs Feeling Impact of California Audits
Quest Temporarily Suspends Medi-Cal Billing

Quest Diagnostics (Madison, N.J.) has agreed to temporarily suspend billing the California Medicaid program (Medi-Cal) program for up to six months pending resolution of a lawsuit alleging that the company overcharged Medi-Cal for testing services.

In 2006 and 2008, Quest and several other clinical laboratories received subpoenas from the California Attorney General's Office seeking documents related to the company's Medi-Cal billings. Subsequently, the state intervened as a plaintiff in a lawsuit against Quest and six other labs, *California ex rel. Hunter Laboratories LLC et al v. Quest Diagnostics Inc. et al*. The suit alleged that the labs charged Medi-Cal up to six times more for tests compared to other clients over the past 15 years. The lawsuit was ultimately split into several separate complaints.

"The company disagrees with DHCS's contention and interpretation of its regulations and believes that it has properly charged the Medi-Cal program under all applicable laws and regulations. The company is continuing to cooperate with DHCS with respect to the audit."
– LabCorp

In the third quarter of 2010, the California Department of Health Care Services (DHCS) conducted audits of Quest and other labs. While Quest "believes it is in compliance in all material respects with California requirements applicable to billing for clinical laboratory testing, the company entered into an interim agreement under which it had agreed to temporarily suspend billing Medi-Cal for a period of up to six months, during which it continues to provide services, pending resolution of the California lawsuit," the company says in its third-quarter report filed with the Securities and Exchange Commission (SEC).

"An unfavorable outcome of the California lawsuit could result in reduced reimbursement from the Medi-Cal program," it adds. "Annual revenue from the Medi-Cal program in 2009 was approximately $66 million."

LabCorp also was audited during the third quarter of 2010, the company says in its quarterly filing with the SEC. DHCS subsequently provided the company with a proposed agreement related to the company's billing of the Medi-Cal program, including a requirement that the company charge Medi-Cal the "lowest price" it charges others for a particular laboratory test.

"The company disagrees with DHCS's contention and interpretation of its regulations and believes that it has properly charged the Medi-Cal program under all applicable laws and regulations," LabCorp said. "The company is continuing to cooperate with DHCS with respect to the audit."

LabCorp has also received three other subpoenas since 2007 related to Medicaid billing, the company said: Florida (June 2010), Virginia (February 2009), and Michigan (October 2009). The company also responded to an October 2007 subpoena from the U.S. Office of Inspector General's regional office in Massachusetts regarding certain of its billing practices.

LabCorp Outlines Priorities for 2011

LabCorp (Burlington, N.C.) will focus in 2011 on integrating Genzyme into the company, rolling out its Web-based Beacon order-entry system, and continuing scientific leadership and partnerships, CEO and Chairman Dave King said Jan. 13 during the JP Morgan Healthcare Conference, held in San Francisco.

The Genzyme acquisition creates a number of revenue opportunities for LabCorp, King said. Not only can LabCorp sell its test menu to Genzyme accounts, but it can also cross sell Genzyme's test menu to LabCorp accounts. In addition, the acquisition gives LabCorp expanded access to genetic counselors—Genzyme has about 130. LabCorp completed its $925 million purchase of Genzyme Genetics in December 2010.

LabCorp at a Glance

	2004	2005	2006	2007	2008	2009
Revenue ($MM)	3,085	3,328	3,591	4,068	4,513	4,695
Earnings per share	2.45	2.80	3.30	4.18	4.60	4.89

Source: LabCorp

According to King, LabCorp's Beacon order-entry system provides streamlined ordering, requisition and account logic, and key time-saving features. The system also centralizes lab connectivity by allowing physicians to view reports from all of its companies—DIANON Systems, Esoterix, LabCorp, Litholink, USLabs, and CMBP, he said. Visual cues support physician decisionmaking, enhance the timeliness of patient care, and facilitate follow-up with abnormal results in red and unread results in bold.

LabCorp will also continue to provide scientific leadership in companion diagnostics and personalized medicine, said King, citing recent developments in this area: IL-28B, K-RAS, HLA-B 5701, BRAF gene mutation detection, EGFR mutation analysis, CYP 450 2C19, CCR5 Tropism, PhenoSense and PhenoSense GT, and HERmark. LabCorp also has entered into a collaboration with Clearstone Labs to get access to clinical trial laboratories in China and France.

King expects the company to continue revenue growth of about 9 percent per year and earnings per share growth of about 15 percent per year. "We've made a number of strategic acquisitions that will enhance our performance over time," he said. "We're proud of our free cash flow yield, which ranged from 8 percent to 10 percent in 2010, and we continue to generate a lot of cash and deploy it to the benefit of our shareholders."

Lab, Physicians Groups Meet With CMS Over Physician Signature Requirement

A group of about 25 people representing clinical laboratories, nursing homes, pathologists, and other physicians met in mid-January with officials from the Centers for Medicare and Medicaid Services (CMS) to discuss the agency's requirement that physicians must sign all laboratory requisitions.

Although enforcement of the requirement has been delayed until April 1, the participants hoped to convince CMS officials that there are alternate ways to document that a physician has ordered a lab test (such as a signed notation in the patient's chart), said Alan Mertz, president of the American Clinical Laboratory Association (ACLA).

Mertz said the group met with Jonathan Blum, the director of the Center for Medicare Management, and that an additional 125 participants listened in on the conversations by phone. There appeared to be some confusion within CMS about the way physicians actually order lab tests, explained Mertz, who said the participants tried to clarify the process for CMS staff.

"It didn't appear that CMS has detected any specific fraud related to ordering lab tests, but that [the agency wants] to make its documentation policies consistent across different types of medical services," said Mertz. "We tried to assure them that there are alternate ways of documenting that a test has been ordered other than having an actual physician signature on the lab requisition form."

CMS officials were open to the discussion and asked for a list of issues and questions from the participants, Mertz explained. Another meeting will be scheduled in a few weeks, he said. "We are hoping to arrive at some sort of alternative to this."

The requirement that a physician sign lab requisitions was contained in the 2011 physician fee schedule final rule. It was to have taken effect Jan. 1, 2011, but CMS in late December announced that it would delay enforcement for three months as it focused on educational outreach.

Ameritox Reaches $16.3 Million Settlement Agreement

Ameritox Ltd. (Baltimore) has agreed to pay $16.3 million to settle allegations that it paid kickbacks to physicians to induce them to refer Medicare business, according to Robert O'Neill, U.S. attorney for the Middle District of Florida.

The settlement resolves allegations that Ameritox made cash payments to its clients from Jan. 1, 2003, through Dec. 31, 2006, to induce the referral of drug testing services. It also resolves claims arising from the offer by Ameritox of free collector personnel to its physician clientele from Jan. 1, 2003, through June 10, 2010, to induce the referral of Medicare business. Of the total settlement amount, the federal government will receive $15.5 million with the balance of $814,000 to be split among various states.

The case initially was filed in 2007 in the Middle District of Florida by former Ameritox sales representative Debra Maul, who will receive $3.4 million out of the federal share of the recovery.

Ameritox also entered into a five-year corporate integrity agreement (CIA) with the Department of Health and Human Services Office of Inspector General (OIG). Among other things, the CIA requires the company to engage an independent review organization to scrutinize its contractual relationships.

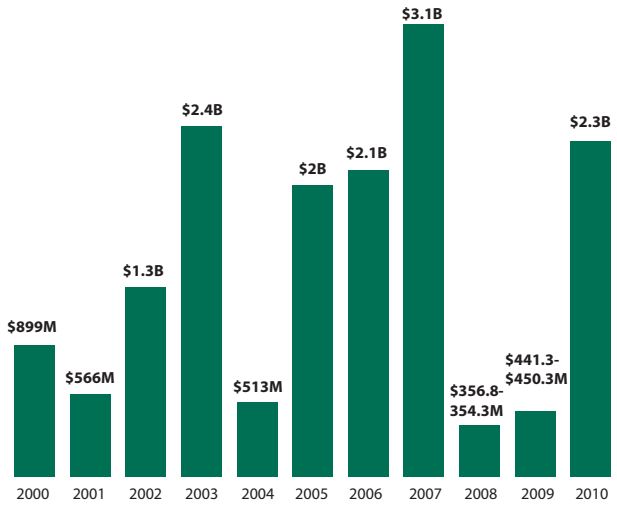
M&A Activity Rebounds in 2010, Set to Increase in 2011

Merger and acquisition (M&A) activity in the clinical laboratory and anatomic pathology industries regained its footing in 2010 after slowing in 2008 and 2009, and experts predict even more of an increase in 2011.

"After a lull in the market, the lab industry has experienced a resurgence of M&A activity," said Timothy Johnson, managing partner of England & Co., an investment bank based in Washington, D.C., at Washington G-2 Reports' 28th annual Lab Institute, held Oct. 13-15 in Arlington, Va.

The total value of laboratory mergers and acquisitions in 2010 topped $2.3 billion, well over 2008's total of about $356 million and 2009's total of about $450 million. Not since 2007 has the lab industry seen total M&A activity in excess of $2 billion.

Value of Laboratory Mergers and Acquisitions, 2000-2010



Source: Washington G-2 Reports and company reports

The average multiple paid to acquire a laboratory increased in 2010 as well. In 2008, average revenue multiples ranged from 1.5x to 1.9x, and in 2009 from 1.1x to 1.3x. However, the 2010 average multiple was 2.5x. Even excluding Sonic Healthcare's acquisition of Medhold, which had a very high multiple of 8.4x, the average multiple in 2010 was 2.2x.

Drivers of M&A Growth

Several factors contributed to the increase in M&A activity in 2010, not the least of which was the slowly improving economy. After several years of holding on to cash, companies were looking to put their cash-laden balance sheets to work, say experts. "There is no shortage of capital interested in lab industry deals now, where there was, in the real depths of the economic crisis," says Christopher Jahnle, co-founder and managing director of Haverford Healthcare Advisors (Paoli, Pa.). "There was a real decline in acquisitions in part due to capital markets being frozen, but it is thawing now."

Also driving the increase in M&A is a slowdown in organic growth, increased competition for deals, and emergence of "midtier" acquirers, such as Spectrum and Aurora, explained Johnson. Aurora (Palm Beach Garden, Fla.) completed five acquisitions in 2010, with two closing in December. Aurora is continuing to pursue acquisitions of small laboratory companies, notes Jahnle, who exclusively represents Aurora on the buy-side.

Another driver of laboratory acquisitions were the Bush tax cuts, says Jahnle. "A lot of transactions were done because sellers wanted to sell before capital

gains tax rates were scheduled to increase, with a flurry of activity at the end of the year," he explains. "Now that they have been extended for two years, some who have been on the fence about selling will want to get in line before the potential risk of capital gains tax increases. This will increase small deal activity, [but] it won't affect a [company like] Genzyme."

Uncertainty over health care reform has also been a contributing factor in some labs deciding to sell, notes Amanda Murphy, an analyst with equity research firm William Blair & Co. (Chicago). On the flip side, mandatory insurance coverage of numerous screening exams makes clinical laboratories a more attractive target for potential suitors. In addition, insourcing of anatomic pathology (AP) services by physicians appears to be stabilizing somewhat, which could help improve lab revenues.

Sign of Things to Come?

Three acquisitions in the last three months of 2010, worth more than $1.6 billion, could be a sign of things to come. In October, GE Healthcare announced the purchase of Clarient Inc. (Aliso Viejo, Calif.) for approximately $587 million, almost 5.9x the company's revenue of $100 million. Australia-based Sonic Healthcare in November said it was acquiring anatomic pathology company CBLPath (Rye Brook, N.Y.) for $124 million, 1.5x revenue of $85 million. And in December, LabCorp purchased Genzyme Genetics for $925 million, or 2.5x revenue of $370 million.

Already in 2011, several acquisitions have set the tone for the rest of the year. Pharmaceutical giant Novartis announced the acquisition of Genoptix (Carlsbad, Calif.) for $470 million. Novartis says the acquisition will fit well with its companion diagnostic services.

In addition, Sonic Healthcare has completed two separate acquisitions in Belgium and one in the United States. Sonic has purchased Physicians' Automated Laboratory (PAL), based in Bakersfield, Calif. PAL will be the base for a new Sonic Healthcare USA California division and is Sonic's initial step toward building a growing laboratory infrastructure in the state, say Sonic officials. PAL was established in 1967 as a high-quality, physician-owned laboratory and has developed a leading market share in Bakersfield, about 180 miles north of Los Angeles. The company has experienced significant growth and has annual revenues of more than $20 million.

In January, American Pathology Partners (APP) announced that it had acquired the anatomic pathology assets of Palm Beach Pathology. Terms of the deal were not disclosed.

The coming year will definitely be a busy one, speculates Kemp Dolliver, managing director for Avondale Partners, Boston. "Venture capitalists want to exit older investments, health care reform is driving further consolidation, and the Clarient valuation has brought more sellers out of the woodwork," he says.

Two laboratories owned by Thermo Fisher Scientific Inc. (Waltham,

Mass.) are up for sale. According to Dolliver, the company has hired Goldman Sachs to handle the sale of reference laboratory Athena Diagnostics (Worcester, Mass.), which specializes in diagnostic testing for neurological disorders. Athena could fetch $600 million to $700 million, he says. In addition, Thermo Fisher has enlisted Barclays Capital to help it sell Lancaster Labs, a contract research organization based in Lancaster, Pa., which could go for $200 million to $300 million.

Those three deals alone could come close to $1.5 billion, more than total lab M&A activity in 2008 and 2009. And several other labs are rumored to be ripe for acquisition, say analysts. As credit markets continue to thaw, expect to see even more deals emerge in the laboratory sector, they predict.

"2011 could definitely be bigger in terms of M&A than 2010 was," says Murphy. "It certainly feels like things are getting better."

Laboratory Mergers and Acquisitions 2010 ($MM)

Date	Buyer	Target	Purchase Price	Target Revenue	Buyer Multiple
Jan.	Predictive Biosciences	OncoDiagnostic Laboratories	10.0-15.0	10.0	1.0-1.5
Jan.	Aurora Diag.	Bernhardt Laboratories	NA	8.0	NA
Jan.	Aurora Diag.	Pinkus Dermatopathology	NA	9.0	NA
Feb.	Sonic Healthcare	Medhold Group (Belgium)	316.0	37.0	8.4
March	Carilion Labs	Spectrum Lab Network (Merger)	113.0	110.0	1.0
March	Aurora Diag.	Pathology Solutions	22.5	16.5	1.4
April	Bio-Reference	Lenetix Medical Screening Lab	5.5	2.0-3.0	1.8-2.8
April	EndoChoice	Pathworks Anatomic Pathology Lab	NA	NA	NA
May	PerkinElmer	Signature Genomics Labs	90.0	30.0	3.0
June	LabCorp	Westcliff Medical Labs	57.5	97.0	0.6
June	LabCorp	Diamond Reference Labs	NA	10.0	NA
July	IRIS International	Allied Path	6.0	NA	NA
Aug.	LabCorp	DCL Medical Labs	55.0	40.0-50.0	1.1-1.3
Aug.	LabCorp	Medical Diagnostic Laboratory	NA	NA	NA
Sept.	LabCorp	Genzyme Genetics	925.0	371.0	2.5
Oct.	Carilion-Spectrum	Doctors' Laboratory	NA	NA	NA
Oct.	Metalmark Cap.	Aegis Sciences Corp.	NA	NA	NA
Oct.	GE Healthcare	Clarient Inc.	587.0	100.0	5.9
Nov.	Sonic	CBLPath	124.0	85.0	1.5
Total for 2010		**19 Transactions**	**$2,311.5-$2,316.5**	**$925.5-$936.5**	**2.5**

(Totals for transaction purchases includes only those transactions when figures have been reported)

Source: Washington G-2 Reports, company reports, and analyst reports

■ **NOVARTIS TO ACQUIRE GENOPTIX**, *from page 1*

Consistent with APP's model, the transaction involved the acquisition of the laboratory assets while the pathology practice remains independent and continues to be solely owned and managed by the pathologists. Terms of the deal were not disclosed.

Justice Department Intervenes in FCA Case Alleging Fraudulent Billing by Mayo Clinic

The Department of Justice Dec. 20 filed a complaint in partial intervention in a False Claims Act (FCA) case, alleging the Mayo Clinic violated the FCA by billing several federal programs, including Medicare, for surgical pathology services it had not performed (*United States ex rel. Ketroser v. Mayo Clinic*, D. Minn., No. 07-cv-4676, *complaint in partial intervention filed* 12/20/10).

The filing follows the government's Sept. 20 notice that it intended to intervene, in part, in a qui tam lawsuit filed by Dr. David Ketroser and others (*LIR, Oct. 10, p. 1*). The government's complaint alleges that the Rochester, Minn.-based clinic has for years billed Medicare, Medicaid, and other federal health care programs for the preparation and examination of human tissue slides, despite never doing the slide work.

Bryan Anderson, a spokesman for the clinic, said the allegations represent just a portion of the original complaint filed against the Mayo Clinic by Ketroser and the other qui tam relators. He said the federal government has chosen not to pursue its claims on how the clinic conducted tissue pathology. As to the remaining claim, he said it is Mayo's belief that it was the result of a billing error.

A news release issued by the U.S. Attorney's Office for the District of Minnesota stated that the lawsuit stems from allegations made by Ketroser that federal government programs were billed for a number of years for services that were never rendered. It is alleged that each claim for payment Mayo submitted to the government for surgical pathology slides and examinations was false. The complaint does not allege how much Mayo falsely billed the federal government.

The release stated that while Mayo has asserted that it has paid back some of the money it received as a result of the alleged false claims, the refunds were only paid after the government had issued a subpoena. It added that the U.S. attorney's office believes the Mayo payments were insufficient.

Anderson said the Mayo Clinic discovered a billing error in 2007. It corrected it, he said, and voluntarily refunded more than $240,000 to the federal government. He said the clinic worked with outside accounting experts to ensure that the payment represented the complete and appropriate reimbursement amount.

He added that the reimbursement was made before the clinic was even aware that the relators had filed a sealed complaint. Mayo believes it has fully complied with the law, he said, and believes its reimbursement was the right thing to do.

Anderson said the clinic is confident in its position and plans to defend itself vigorously.

Pathologist Could Be Held Liable for Remote Review of Biopsy

A Washington pathologist and her group practice may be subject to liability for the unlicensed practice of medicine under Idaho law stemming from the remote review in Washington of a biopsy from a patient in Idaho, a federal court ruled Dec. 30, 2010 (*Smith v. Laboratory Corp. of America*, W.D. Wash., No. C09-1662, 12/30/10).

The U.S. District Court for the Western District of Washington said Idaho's Medical Practices Act (MPA) potentially applies to the Washington pathologist, Dr. Jane J. Yin, if she is found to have rendered a medical diagnosis for an Idaho resident without holding a license to practice medicine in that state.

The court refused to dismiss claims brought under the Idaho licensing statute by Brad Smith and his wife Tammie stemming from Yin's review, in August 2007, of a pathology slide prepared by LabCorp on a biopsy taken from Smith by an Idaho physician. Although Yin—a temporary pathologist with Pacific Northwest Pathology Associates (PNPA)—found the biopsy to be noncancerous, a subsequent review found that Smith actually had a curable stage of malignant melanoma.

The Smiths originally filed suit in an Idaho court against Yin, LabCorp, and PNPA, but Yin removed the case to federal court and then sought to dismiss the case for lack of jurisdiction over her. The federal court in Idaho agreed that it could not entertain the case against Yin and transferred the case to the federal court in Washington.

There, the Smiths sought to press their Idaho MPA claims and negligence causes of action under Washington law. Claims asserted against LabCorp and PNPA were for the most part derivative of the claims asserted against Yin, the court said. The court's decision, however, addressed only the defendants' efforts to have the Idaho MPA claims dismissed.

Idaho Statute Applies

In refusing to dismiss those claims, the court said the fact that the Idaho court may not have had personal jurisdiction over Yin did not mean she was not required to comply with Idaho law.

Finding that Idaho law could apply to Yin, the court then asked whether Washington's or Idaho's law regarding the interstate practice of medicine should be applied. The court found that the parties' contacts with the two states did not weigh in favor of applying the law of one state over the other, and ultimately determined that the interests of Idaho in the issues in dispute, as well as that state's public policies, favored application of Idaho law.

"Plaintiffs argue that the Washington legislature has expressed no interest in regulating interstate medical practice, whereas the Idaho legislature has established clear limitations on such practice. The court agrees," the court said.

"Under Washington law, there are no limits on the practice of an out-of-state physician, provided she does not open an office in Washington," the court noted. "On the other hand, Idaho has created an aggressive statute to prevent unlicensed out-of-state doctors from practicing on Idaho residents."

Eye ON IMAGING

Same-Day Service One Solution for Ending Imaging Self-Referral Abuse, Studies Say

Limiting the Stark self-referral law's in-office ancillary services exception for imaging services to X-rays performed on the same day could potentially reduce imaging costs and patient harm, according to several articles in the December issue of the journal *Health Affairs*.

"Previous research indicates that self-referral for imaging is associated with high use of imaging . This means that costs and radiation exposure are high. We have shown that self-referral is seldom a one-stop process (with the exception of relatively straightforward X-rays), although its purported benefits are heavily dependent on its being a one-stop process," said the article, "The Practice of Imaging Self-Referral Doesn't Produce Much One-Stop Service."

An analysis of Medicare claims data from 2006 and 2007, for example, discovered that imaging services, such as nuclear medicine, computed tomography (CT) scans, and magnetic resonance imaging (MRI), were performed only 16 percent of the time on the day of the patient visit in 2006, and 15 percent in 2007, according to a study by Jonathan H. Sunshine, senior director for research at the American College of Radiology, and Mythreyi Bhargavan, director of data registries at the American College of Radiology.

X-ray procedures, however, were performed on the same day as the patient visit in 74 percent of the time over the two years.

Since the in-office exception was largely created to afford patients the convenience of going to their doctor and receiving imaging services at the same time, the low percentage of same-day service would seem to argue against the need for the exception in most cases, the article said.

The December Health Affairs *is at http://content.healthaffairs.org/content/vol29/issue12/.*

Nuclear medicine accounted for 42 percent of all self-referred imaging in 2006, and 47 percent in 2007, the article said.

The 1991 physician self-referral law, or Stark law, prevented physicians from referring patients to imaging centers in which they held an ownership stake, but provided the in-office exception for certain services for the sake of patient convenience.

The Patient Protection and Affordable Care Act (PPACA) left the exception intact, but required physicians to disclose their ownership interest in the imaging equipment and provide patients with a list of alternate service providers.

The idea of restricting the in-office exception to X-rays was echoed in an article by Danny R. Hughes, assistant director of research for the American College of Radiology, Sunshine, and Bhargavan, which also said that imaging self-referral was not associated with any significant benefits to patient health. Another article in *Health Affairs* examined physician-owned MRI equipment and found that the acquisition of such equipment led to increases in utilization and higher costs.

Lab Stocks Mixed, but Index Gains 11% in 2010

The G-2 Reports Laboratory Stock Index gained 11 percent in 2010, driven largely by huge gains posted by Medtox and Genzyme. Overall, seven stocks rose and six stocks fell. In comparison, the Nasdaq composite climbed almost 17 percent in 2010 while the S&P 500 rose almost 13 percent.

Clarient (Aliso Viejo, Calif.) was the best-performing stock in 2010, soaring 89 percent to close at $5 per share on Dec. 17, 2010. The company was purchased by GE Healthcare for $587 million. The deal closed in late December. Clarient, with revenues of about $100 million, is focused on developing novel, proprietary diagnostic markers and tests for the profiling of breast, prostate, lung, colon, and blood-based cancers.

Another top-performer in 2010 was drug-testing laboratory **Medtox** (St. Paul, Minn.), whose shares climbed 69 percent to close at $12.94 on Dec. 31, 2010. **Genzyme** (Cambridge, Mass.) came in third, with shares rising 45 percent to close at $69.79. During the year, Genzyme sold its genetics division to LabCorp and its diagnostics division to Tokyo-based Sekisui Medical Co.

Genoptix (Carlsbad, Calif.) experienced the biggest decline during the year, with its stock price falling 46 percent to $19.02. After several years of strong growth, the company struggled in 2010 and recently put itself up for sale. The company is being acquired by Novartis. Shares of **Bio-Reference** Laboratories (Elmwood Park, N.J.) also fell, dropping 43 percent to close at $22.18 on Dec. 31.

Laboratory Stock Review for 2010

COMPANY (TICKER)	Price 12/31/09	Price 12/31/10	52-WEEK % CHANGE	MARKET CAPITALIZATION
Clarient (CLRT)	$2.65	$5.00*	89%	$437M
Medtox (MTOX)	7.75	13.10	69	114M
Genzyme (GENZ)	49.01	71.20	45	18M
LabCorp (LH)	74.84	87.92	17	8,940M
Orchid Cellmark (ORCH)	1.71	1.98	16	59M
Psychemedics	7.35	8.20	12	43M
Genomic Health (GHDX)	19.56	21.39	9	617M
Enzo Biochem (ENZ)	5.38	5.28	-2	201M
Quest Diagnostics (DGX)	60.28	53.97	-10	9,196M
Myriad Genetics (MYGN)	26.09	22.84	-12	2,114M
Neogenomics (NGNM.OB)	1.50	1.30	-13	49M
Bio-Reference (BRLI)	39.12	22.18	-43	617M
Genoptix (GXDX)	35.53	19.02	-46	335M
Unweighted Average			**11**	

** As of 12/17/10*

INDUSTRY buzz

LabCorp to Market On-Q-ity's CTC Platform

Oncology diagnostics company On-Q-ity (Waltham, Mass.) will get some key assistance in marketing its circulating cancer cell (CTC) platform, according to CEO Mara Aspinall. The company in January announced that LabCorp (Burlington, N.C.) will market its CTC platform to the biopharma industry to greatly accelerate and improve the cancer drug discovery and development process.

On-Q-ity has developed a microfluidic chip system that can capture, count, and characterize circulating tumor cells in a blood sample. It also uses DNA repair biomarkers that can be used to predict treatment response. CTCs are a very early indicator of the presence of cancer, but in the past they have been difficult to capture. Aspinall says On-Q-ity's CTC technology can find and characterize these elusive cells, providing a faster and more efficient way for drug developers to monitor the effectiveness of new therapies.

"LabCorp's well-established clinical trial business will help us get On-Q-ity's groundbreaking technology into the hands of researchers as quickly as possible, ultimately changing the way cancer is treated," she said.

References

American Pathology Partners 615-916-3200
Ameritox 877-501-9051
Aurora Diagnostics 866-420-5512
Avondale Partners 866-326-9365
Clarient 888-443-3310
England & Co. 202-386-6500
General Electric 800-682-5327
Genoptix 760-268-6200
Genzyme 617-252-7500
LabCorp 336-436-5274
Mayo Clinic 507-284-2511
Medtox 800-832-3244
Novartis +41 61-324 80 01
On-Q-ity 781-895-8100
Pacific Northwest Pathology Associates 253-740-6336
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William Blair & Co. 312-236-1600

 Laboratory Industry Report (ISSN 1060-5118) is published by Washington G-2 Reports, 1Phoenix Mill Lane, Fl. 3, Peterborough, NH 03458-1467 USA. Tel: 973-718-4700. Fax: 973-622-0595. Web site: www.g2reports.com.

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