

LABORATORY *E* ECONOMICS

Competitive Market Analysis For Laboratory Management Decision Makers

PALMETTO SLASHES MDx TEST REIMBURSEMENT

Medicare carrier Palmetto GBA recently posted their reimbursement rates for 78 new molecular diagnostic test codes. Palmetto processes claims for several key states, including California. Based on an analysis by *Laboratory Economics*, the reimbursement for these 78 codes is down, on average, by 25% to 30% compared with the reimbursement labs had previously received under code-stack billing.

The California Clinical Laboratory Association (CCLA) held an emergency board meeting in response to Palmetto’s disappointing rates. CCLA executive director Mike Arnold says that Palmetto’s rates, in many instances, are below the lab cost of performing the tests. “These new reimbursement rates have no relationship to reality. They will result in lab closures, lost jobs and a reversal of recent advances in personalized medicine,” according to Arnold.

Just prior to release of the pricing, Palmetto medical director Elaine Jeter, MD, stated that she welcomed industry feedback and that Palmetto will consider additional information prior to providing its final gap-fill prices to CMS, which all contractors are required to do by the end of April. These prices will be effective for the remainder of 2013.

The billing management firm XIFIN Inc. (San Diego) is collecting pricing information from labs licensed for Medicare in California. XIFIN is collecting code-stack revenue data plus cost information that will be submitted to Palmetto for review.

Palmetto has begun processing claims for MDx tests under the new rates in California, Nevada, Hawaii, as well as North Carolina, South Carolina, Virginia and West Virginia. However, Palmetto has indicated that it will reprocess claims if it adjusts its rates. *Continued on pages 3-6.*

LIPOSCIENCE RAISES \$45 MILLION FROM IPO

On January 25, LipoScience Inc. (Raleigh, NC) completed an initial public offering (IPO) of five million shares of common stock at a price to the public of \$9 per share. In addition, the underwriters exercised in full their option to purchase 750,000 more shares from the company. As a result, the total IPO size was 5.75 million shares. LipoScience will receive net proceeds of approximately \$44.9 million after deducting investment bank commissions and other expenses. Barclays Capital Inc., UBS Securities and Piper Jaffray were the IPO’s lead underwriters. On its first day of trading on the Nasdaq, LipoScience shares increased 16% to \$10.45 per share for a market cap of \$145 million. *Continued on page 2.*

CONTENTS

HEADLINE NEWS

Palmetto slashes MDx test reimbursement	1, 3-6
LipoScience raises \$45 million from IPO.....	1-2

MOLECULAR TESTING

MDx pricing comparison: code stack pricing vs. Palmetto.....	4
MDx pricing comparison: Quest and LabCorp vs. Palmetto.....	6
Cahaba sets Myriad’s BRACAnalysis at \$2,900	7

TELECONFERENCE HIGHLIGHTS

Finding Success In The New Molecular Test Reimbursement Paradigm: Expert analysis from XIFIN and CodeMap.....	8-9
---	-----

FINANCIAL

Quest Diagnostics 2012 financials	10
LabCorp 2012 financials.....	11

STOCKS

Lab stocks up 3% YTD.....	12
---------------------------	----

To Get The Full Issue: Subscribe to *Laboratory Economics*!

Laboratory Economics is a monthly business newsletter that gets behind the headlines and press releases to provide you with the strategic information and data you need to compete and win. Our editors talk directly to the people making the news, providing you with a first-hand view on lab marketplace developments. Subscribe today and you will immediately receive a PDF file of the current issue. Then every month you'll receive 12 pages filled with clear analysis and valuable business strategies that will help your lab become more successful.

Win Big with the Most Current News & Information:

- Keep up-to-date on the latest pathology and lab contract changes by Aetna, Cigna, Humana, UnitedHealth and the biggest BCBS plans
- Stay informed on the latest strategic moves by the nation's two largest labs: Quest Diagnostics and LabCorp
- Find out the latest specialty physician groups to insource pathology services and how pathology groups are dealing with this alarming trend
- Get in-depth profiles of the nation's most successful hospital lab outreach programs
- Learn the clinical and business details behind exciting new molecular diagnostics
- Get benchmarking data and strategies you can use to improve your lab's billing and collection operations
- Hear expert opinion on emerging lab trends through exclusive interviews with the lab industry's movers and shakers
- Get statistics from our proprietary surveys on Web-connectivity, molecular diagnostics and hospital lab outreach

Special Bonus: New subscribers will receive the current issue free of charge.

That's 13 issues for the price of 12!

100% Satisfaction Guaranteed! If at anytime you become dissatisfied with your subscription to *Laboratory Economics*, drop me an e-mail and I'll send you a refund for all unmailed issues of your subscription, no questions asked. Jondavid Klipp, labreporter@aol.com



Subscribe to *Laboratory Economics*

YES! Please enter my subscription to *Laboratory Economics* at \$375 for one year. Subscription includes 12 monthly issues sent both electronically and by regular mail plus access to all back issues at www.laboratoryeconomics.com/archive.

Check enclosed
(payable to *Laboratory Economics*)

Charge my: MC Amex Visa (circle one)

Name _____

Card # _____

Title _____

Expiration Date _____

Company _____

Cardholder's name _____

Mailing Address _____

Signature _____

City, State, Zip _____

Billing address _____

Phone _____

Fax _____

e-mail address (necessary to receive electronic copies) _____

Mail To: *Laboratory Economics*, 195 Kingwood Park, Poughkeepsie, NY 12601;
Fax order to 845-463-0470; or call 845-463-0080 to order via credit card.