

LABORATORY ECONOMICS

Competitive Market Analysis For Laboratory Management Decision Makers

LABCORP ACQUIRES MEDICAL DIAGNOSTIC LAB

LabCorp has acquired a small clinical lab, Medical Diagnostic Laboratory Inc. (Mount Vernon, WA), located about 35 miles north of Seattle. MDL includes a main 10,000-square-foot laboratory and 12 PSCs in northwest Washington. *More details on page 9.*

MEDICARE REIMBURSEMENT SET TO DROP

The Medicare Part B lab fee schedule will decline by 1.75% next year, according to the latest inflation figures released by the Bureau of Labor Statistics. Under the new healthcare reform law, Part B lab reimbursement changes are based on the consumer price index for urban consumers (CPI-U) minus a productivity adjustment and a fixed cut of 1.75%. *Continued on page 4.*

IN-OFFICE PATHOLOGY AT NATION'S LARGEST GASTRO GROUP

Digestive Health Associates (DHAT-Dallas), 75-doctor gastroenterology group with 38 office locations and six endoscopy centers in Dallas/Fort Worth, opened its own histology lab in 2007 (see *LE*, July 2007, pp. 1, 8).

DHAT performs and bills for histology services and contracts with Quest/AmeriPath for professional services. *LE* estimates that the group generates roughly 75,000 billable CPT 88305's plus special stains, translating into \$8 million in annual pathology service revenue (technical and professional).

We asked Harry Sarles, Jr., MD, a gastroenterologist at DHAT, "What's the biggest benefit of an in-office lab?" He answered, "Well, if you own a hamburger joint, do you want to bake your own buns or outsource it? It was a business decision based on economics. We weren't dissatisfied with our clinical services before, but it's basically the same pathologists providing pathology services since our relationship began with AmeriPath."

Sarles will be giving a presentation titled "*Establishing a Pathology Lab: Obstacles to Overcome and How to Develop a Sound Business Plan*" at the American College of Gastroenterology's annual meeting in San Antonio this October. *Continued on page 2.*

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