

LABORATORY



ECONOMICS

Competitive Market Analysis For Laboratory Management Decision Makers

TC/PC MEDICARE FRAUD CASE HEADED TO TRIAL

A dermatologist and pathologist who allegedly collaborated in a technical component/professional component (TC/PC) kickback scheme are heading to court after a federal judge denied their request to dismiss the charges.

The defendants are Steven Jay Wasserman, MD, a Venice, Florida, dermatologist, and Jose Suarez-Hoyos, MD, president of Tampa Pathology Laboratory. Federal prosecutors allege that the defendants had a TC/PC arrangement that allowed Wasserman to bill Medicare for professional slide interpretations, even though he did not do the work.

This case should be a wake-up call for all pathology labs offering TC/PC arrangements to review their compliance, notes *Laboratory Economics*.

Full details on page 4.

BIG PAYDAYS FOR QUEST AND LABCORP CEOs

Quest Diagnostics' Surya Mohapatra, PhD, 61, and LabCorp's David King, 54, were the two highest paid lab executives last year. Mohapatra earned a total of \$12.3 million in 2010, down slightly from \$12.5 million in 2009. King earned \$9.7 million, up from \$8.9 million.

Continued on page 10.

JUDGE RULES THAT SALES REP BROKE NON-COMPETE

A Florida federal judge has ruled that Christian Stevens, a former regional sales manager of AmeriPath, breached a non-compete agreement by joining a rival pathology lab shortly after his resignation from AmeriPath in April 2010. *Continued on page 3.*

LABCORP TO BUY DNA TESTING FIRM FOR \$85M

LabCorp has agreed to buy Orchid Cellmark (Princeton, NJ) for \$2.80 per share in cash for a total purchase price of approximately \$85.4 million. Orchid specializes in forensic DNA testing for criminal investigations and paternity testing. The price tag is equal to \$65 million after accounting for the \$20 million in cash and short-term securities held by Orchid. So LabCorp is paying roughly 1x revenue for Orchid, which recorded revenue of \$63.7 million in 2010. *Continued on page 2.*

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LABCORP TO BUY DNA TESTING FIRM (*cont'd from page 1*)

Orchid's DNA testing businesses in the United States have suffered from price competition and reduced casework due to budgetary constraints at the state and local level. Orchid's revenue from its U.S. operations decreased by an average of 5.1% per year between 2006 and 2010. Last year Orchid consolidated its East Lansing, Michigan paternity testing operations into its Dayton, Ohio facility and moved its Nashville forensic testing operation into its Dallas, Texas facility.

Orchid's DNA testing services for police in the United Kingdom have fared better. Revenue from the United Kingdom increased an average of 9.7% per year between 2006 and 2010.

Overall, Orchid reported a net loss of \$4.5 million in 2010 versus a net loss of \$1.5 million in 2009. Since being formed in 1995, Orchid has accumulated a deficit of more than \$330 million.

Orchid Cellmark at a Glance (\$'000)

	2010	2009	2008	2007	2006	4-Year CAGR
Revenue	\$63,721	\$59,062	\$57,595	\$60,303	\$56,854	2.9%
United States	23,700	29,600	31,200	30,200	29,200	-5.1
United Kingdom	40,000	29,500	26,400	30,100	27,600	9.7
Pretax loss	-3,087	-1,577	-6,189	-2,947	-11,128	NA
Net loss	-4,522	-1,542	-4,481	-2,967	-11,271	NA
Diluted EPS	-0.15	-0.05	-0.15	-0.10	-0.45	NA
Total debt	0	0	0	337	0	0.0
Cash & securities	19,821	18,125	14,998	20,918	24,144	-1.6
Stock holders equity	41,803	45,649	44,368	52,433	50,906	-4.8
# Employees	530	466	428	410	403	7.1

MDxHEALTH RAISES \$11.7 MILLION TO OPEN LAB

MDxHealth (Durham, NC and Liege, Belgium) raised gross proceeds of \$11.7 million through a private placement of common shares. Proceeds will be used to accelerate the introduction of the company's laboratory-developed tests (LDTs or homebrew tests) by setting up a CLIA-certified laboratory in North Carolina and hiring a sales and marketing team. MDxHealth, formerly named OncoMethylome Sciences, is hoping to open a new lab by year's end and launch a proprietary prostate cancer test in 2012.

COMBIMATRIX RAISES \$6.8 MILLION

CombiMatrix Corp. has raised gross proceeds of \$6.763 million from the sale of common stock and warrants in a private placement. The primary investor was the venture capital firm HLM Venture Partners, which now owns 14.9% of CombiMatrix. Members of the executive team, including CEO Judd Jessup, and the board of directors at CombiMatrix also participated. CombiMatrix, which has 40 employees and annual revenue of \$4 million, operates a molecular diagnostics lab in Irvine, California.

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JUDGE RULES THAT SALES REP BROKE NON-COMPETE (cont'd from p. 1)

On April 4, Judge James Cohn of the U.S. District Court for the Southern District of Florida granted summary judgment to AmeriPath, which is owned by Quest Diagnostics. Judge Cohn ruled that Stevens had violated his employment agreement with AmeriPath by defecting to SkinPath Solutions (Smyrna, GA), a new competing dermatopathology lab started by former AmeriPath lab director Robert Wesley Wetherington, MD.

AmeriPath launched its suit against Stevens in Florida state court in April 2010 (see *LE*, May 2010, page 9). The contract, according to the suit, required Stevens to refrain from working at any competing lab located within 100 miles of AmeriPath's business and from soliciting AmeriPath customers for one year after leaving the company.

AmeriPath contends that immediately after resigning on April 20, 2010, Stevens enticed several AmeriPath customers to switch to SkinPath. In one two-day period in April 2010, AmeriPath lost four major clients, representing about \$2 million or 30% of its annual revenue in Atlanta, to SkinPath, according to court papers.

Meanwhile, Stevens lodged his own suit against his former employer in the U.S. District Court for the Northern District of Georgia, seeking a judgment that the restrictive covenants in his employment agreement with AmeriPath were overly broad and unenforceable.

Stevens' suit was ultimately consolidated with AmeriPath's action in Florida, and AmeriPath sought summary judgment both on its contract claims against Stevens and on Stevens' claims against the company.

Judge Cohn ruled that the contract was valid and enforceable, and that Stevens had therefore violated his employment agreement with AmeriPath. His ruling stated that AmeriPath had been damaged by the breach, but that the amount of damages has yet to be determined.

AmeriPath's lawsuit also contains claims against Wetherington, who started SkinPath after AmeriPath declined to renew his employment contract. However, this portion of the suit remains stayed while Wetherington pursues his own declaratory judgment suit against the company in the Northern District of Georgia. Wetherington claims that AmeriPath's non-compete contract is unenforceable in Georgia (see *LE*, April 2010, page 11).

Judge Cohn has now ordered the case (*AmeriPath Inc. v. Wetherington et al.*, case number 0:10-cv-60766) be referred to Senior Magistrate Judge Peter Palermo for mediation to be held April 21 in Miami.

DERMATOPATHOLOGY STILL A CHALLENGE AT QUEST/AMERIPATH

Laboratory Economics notes that Quest continues to face challenges in managing AmeriPath, particularly its DermPath Diagnostics division. Most recently Jill Cohen, MD, resigned from the DermPath Diagnostics' lab in Tucson, Arizona. In addition, Geoff Gottlieb, MD, and Erika Balfour, MD, recently left AmeriPath's Ackerman Academy of Dermatopathology in New York City. Finally, earlier this month, two senior executives at DermPath Diagnostics resigned: Ron Hankins, vice president of operations, and Art Wampole, vice president of sales. DermPath Diagnostics currently employs about 90 dermatopathologists versus 100 when Quest initially acquired AmeriPath in May 2007.

TC/PC MEDICARE FRAUD CASE HEADED TO TRIAL (*cont'd from p. 1*)

The lawsuit (United States v. Jose Suarez-Hoyos, et al., case number 8:04-cv-933-T-24 EAJ) was originally filed as a whistleblower action by Alan Freedman, MD, who worked for Suarez at Tampa Pathology Laboratory from 2000 to 2003. The lawsuit was amended and re-filed by the U.S. Attorney's Office in October 2010 after it intervened in the suit.

Federal prosecutors contend that around 1997, Suarez and Wasserman reached an agreement in order to increase Wasserman's referrals of Medicare patients to Tampa Pathology Laboratory (TPL).

Pursuant to this arrangement, Wasserman would collect biopsy specimens from patients at his dermatology practice and send them to Tampa Pathology Laboratory (TPL). TPL would prepare a slide, and a TPL pathologist would interpret the slide and prepare a pathology report with a diagnosis. This work entitled TPL to bill Medicare using the global CPT 88305 code.

However, in an effort to increase the number of Medicare referrals received from Wasserman, Suarez and TPL allowed the dermatologist to bill Medicare for the professional component, even though he did not do the work, according to the lawsuit.

Federal prosecutors claim that TPL hid the fraud from CMS by preparing pathology reports with a signature block for Wasserman, suggesting that he had interpreted the slide and drafted the report.

From 2000 through 2005, Wasserman submitted more than 35,000 claims to Medicare and received more than \$3.5 million in reimbursement for slides he outsourced to TPL, the government says. Meanwhile, Suarez and the lab submitted the same number of claims to Medicare using a CPT 88305-TC, which indicated they had performed the slide preparation, and not the professional interpretation, according to the complaint.

Although TPL did not bill Medicare for the full global fee, the government says it benefited from Wasserman's referrals and received \$3.9 million in Medicare reimbursement.

Federal prosecutors contend that all of the claims submitted as a result of the arrangement were ineligible for payment and violate the Federal False Claims Act.

In addition, the government says that Wasserman increased the number of biopsies he performed as a result of financial incentives. In 1997, the year in which Wasserman and TPL entered into the kickback agreement, the number of biopsies Wasserman performed nearly doubled from what he had performed annually in each of the previous six years, according to the lawsuit.

On March 18, U.S. District Judge Susan Bucklew refused a motion by Wasserman and Suarez to dismiss the case. She rejected their argument that the government's complaint lacked specificity regarding Wasserman's and Suarez's agreement, noting that the government provided dates, identified parties and described the substance of the agreement.

Judge Bucklew also disagreed that Wasserman could have legally billed Medicare for reading slides as long as he actually reviewed the specimens and made his own diagnosis, pointing out that the government said Wasserman never reviewed the slides.

NEW JERSEY LEADS IN MEDICARE PATHOLOGY SPENDING GROWTH

Results from a study that examines the relationship between in-office histology labs and the utilization of pathology services should be released soon. The study, which is being prepared by Jean Mitchell, PhD, from the Georgetown Public Policy Institute, was paid for by three pathology organizations: ASCP, CAP and ACLA. The study will show a link between excess utilization and in-office labs.

In the meantime, *Laboratory Economics* conducted its own study by analyzing Medicare Part B carrier spending on CPT 88305 for all 50 states between 2006 and 2009.

Medicare Part B spending on CPT 88305 grew fastest in New Jersey—up an average of 16.1% per year between 2006 and 2009. This far exceeds the national average of 3.1% per year for the same time period.

It's difficult to pinpoint the reasons for the dramatic increase in pathology services in New Jersey. There may be several explanations.

For example, Quest Diagnostics operates its biggest pathology lab in the nation at Teterboro, New Jersey. The company might be consolidating out-of-state work into this lab. *LE* notes that the site of testing is the site of billing and New Jersey has a very high Medicare reimbursement rate for CPT 88305 relative to other areas of the country.

Bio-Reference Labs also operates a big pathology lab in New Jersey. This company has been growing its pathology business by more than 20% annually for the past five years.

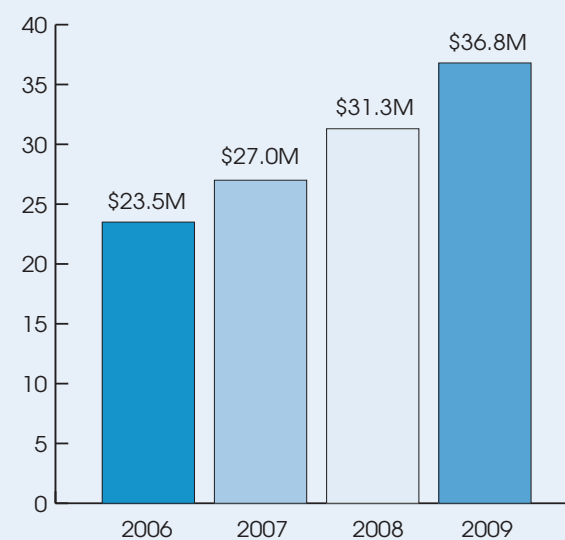
In addition, *LE* notes that New Jersey is one of the states where the insourcing of pathology services and TC/PC arrangements have been rampant.

Specialty groups in New Jersey with in-office labs include Bergen Urological Associates (3 docs), Delaware Valley Urology (35 docs), Forest Healthcare Associates (16 docs), Garden State Urology (24 docs), Gastroenterology Consultants of South Jersey (8 docs), Red Bank Gastroenterology (8 docs), Shore Gastroenterology Associates (6 docs), Somerset Urological Associates (4 docs), Urology Group of New Jersey (27 docs) and Urology Specialty Care (15 docs).

Commercial pathology labs like Plus Diagnostics (Union, NJ) have also been aggressively selling TC/PC arrangements to specialty groups in New Jersey.

Under the technical component/professional component, or “TC/PC,” billing model, the specialty group sends its biopsy specimens to an outside pathology reference lab. The lab prepares the slide and ships it back to the specialty group, which hires a local pathologist to perform interpretation services. The reference lab collects the technical component fees, while the specialty group collects the professional fees.

Medicare Part B Spending
For CPT 88305 in New Jersey



Source: Centers for Medicare and Medicaid Services

Over the past few years, the TC/PC model has been adopted by dozens of small urology and GI groups in New Jersey that don't have the biopsy volume needed to build and operate their own in-office histology labs.

Maintaining the in-office ancillary services exception to the Stark self-referral law is a major issue for urologists. *LE* estimates that urology groups now derive approximately 20% of their Part B revenue from in-office ancillary services such as diagnostic imaging and pathology testing—roughly double the amount from five years ago.

As a result, approximately 200 urologists in New Jersey have formed the New Jersey Patient Care and Access Coalition (NJPCAC) “to ensure that New Jersey citizens continue to have access to the highest quality urologic care, including an integrated and comprehensive approach to the diagnosis and treatment of prostate cancer.”

Members of NJPCAC include Delaware Valley Urology, Garden State Urology, New Jersey Urology, Premier Urology, Urology Associates of NJ/PA, Urology Group of New Jersey and The Stone Center of New Jersey.

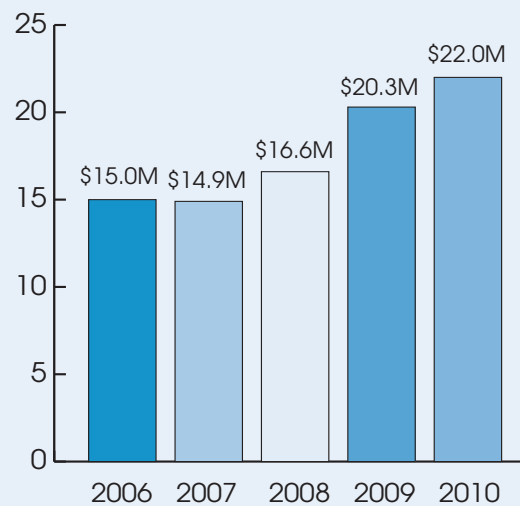
Faster-than-Average Biopsy Growth in New Jersey

CPT 11100 is used to bill the first biopsy performed on a patient during a visit. CPT 11101 is used to bill every additional biopsy performed on the same patient during that visit. Medicare Part B-allowed claims for CPT 11100 and 11101 grew by an average of 8% in New Jersey between 2006 and 2009. This exceeded the national average of 5.3% during the same time frame. *LE* observes that the combination of faster-than-average Part B CPT 88305 expenditures, Medicaid lab spending and biopsy procedures make New Jersey an interesting case study for how lab insourcing might be influencing utilization.

NJ MEDICAID LAB SPENDING UP 10% PER YEAR

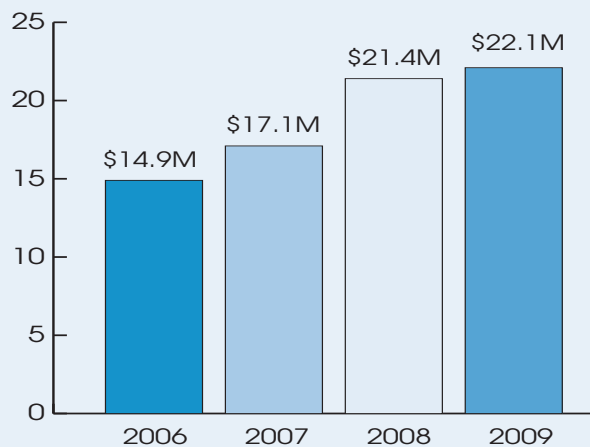
Medicaid spending on clinical lab testing has also increased rapidly in New Jersey in recent years. Medicaid payments to independent labs grew by 10% per year between 2006 and 2010, according to data from the New Jersey Department of Human Services.

New Jersey Medicaid Spending on Independent Lab Services



Source: NJ Dept. of Human Services

Medicare Part B Claims* for Biopsies in New Jersey



*Combined Part B-allowed claims for CPT 11100 and 11101
Source: Centers for Medicare and Medicaid Services

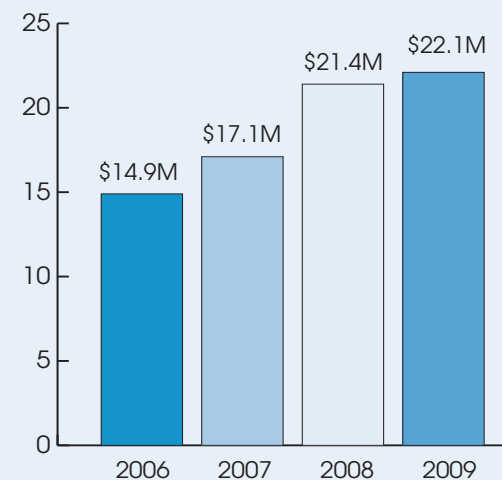
STRONG PATHOLOGY SPENDING GROWTH IN ARIZONA

Medicare Part B spending on CPT 88305 grew second-fastest in Arizona—up an average of 14% per year between 2006 and 2009. In addition, Medicare Part B-allowed claims for biopsies (CPT 11100 and 11101) grew by an average of 8.6% in Arizona between 2006 and 2009. This exceeded the national average of 5.3% during the same time frame.

Once again, *LE* notes that it's difficult to pinpoint the reasons for the dramatic increase in pathology services and biopsies. However, Arizona is another state where many in-office histology labs have been formed in the past few years.

Specialty groups in Arizona with in-office labs include Arizona Digestive Health (39 doctors), Arizona Institute of Urology (12 docs), Arizona Urology Specialists (34 docs) and Urological Associates of Southern Arizona (12 docs).

Medicare Part B Spending For CPT 88305 in Arizona



Source: Centers for Medicare and Medicaid Services

AVERAGE PATHOLOGY SPENDING GROWTH IN FLORIDA

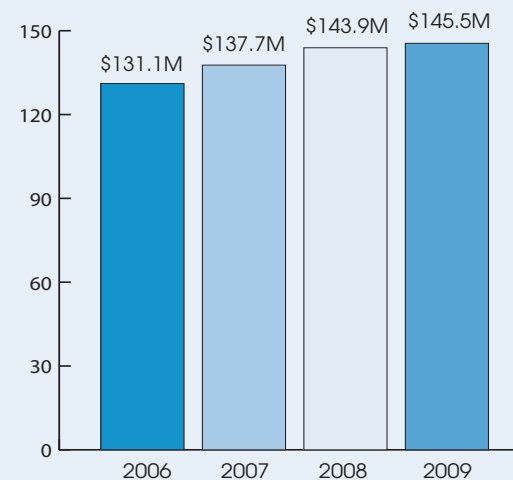
Surprisingly, Medicare Part B spending on CPT 88305 grew just 3.5% per year in Florida between 2006 and 2009. That's only slightly above the national average of 3.1%. During the same time frame, Medicare Part B-allowed claims for biopsies (CPT 11100 and 11101) grew by 6.3% per year in Florida. This was slightly above the national average of 5.3%.

Florida has been one of the most active states in the country (along with New Jersey) in terms of in-office labs, TC/PC arrangements and pod labs. Pathology spending growth in Florida may have been curbed by scrutiny from the Office of Inspector General and restrictions on Medicare billing at pod labs that became effective in 2008 (*see page 9*).

Conclusions

Linking over-utilization of pathology services to the financial incentives involved with in-office pathology labs and TC/PC arrangements is tenuous, based on *LE's* analysis of Medicare Part B data (*see table on page 8*). The pathology expenditure trends in New Jersey should raise eyebrows. However, other states with lots of in-office labs, such as Florida and Ohio, have recorded modest growth rates in pathology expenditures.

Medicare Part B Spending For CPT 88305 in Florida



Source: Centers for Medicare and Medicaid Services

TOP 25 STATES: MEDICARE PART B SPENDING GROWTH FOR CPT 88305*

STATE	2009	2006	3-Year CAGR*
New Jersey	\$36,798,347	\$23,500,703	16.1%
Arizona	22,084,472	14,907,537	14.0%
Massachusetts	23,793,227	18,499,325	8.8%
New Hampshire	2,460,136	1,923,870	8.5%
Southern California	55,178,735	43,196,415	8.5%
North Carolina	30,167,962	24,124,309	7.7%
Georgia	27,414,074	22,192,221	7.3%
Nevada	5,635,261	4,637,781	6.7%
New York	85,210,511	71,060,774	6.2%
District of Columbia	9,795,665	8,222,046	6.0%
Tennessee	31,536,124	26,518,630	5.9%
Delaware	2,152,657	1,832,242	5.5%
Mississippi	7,448,130	6,538,223	4.4%
South Carolina	16,908,828	14,903,001	4.3%
Texas	69,765,662	61,577,428	4.2%
Colorado	8,130,871	7,264,241	3.8%
Florida	145,438,189	131,111,421	3.5%
Nebraska	4,366,745	3,966,484	3.3%
Kansas	6,659,695	6,118,231	2.9%
Illinois	22,768,082	20,996,624	2.7%
Northern California	40,025,081	37,253,081	2.4%
Virginia	20,432,981	19,077,209	2.3%
Missouri	13,491,352	12,708,128	2.0%
Ohio	35,837,231	33,840,459	1.9%
Maine	2,594,659	2,470,936	1.6%
Total National	\$1,222,585,905	\$1,116,941,576	3.1%

*Medicare Part B expenditures for CPT 88305, including global, technical-only and professional-only claims.

**CAGR=three-year compound annual growth rate.

Source: Centers for Medicare and Medicaid Services

UTILIZATION STUDIES LED TO LIMITS ON POD LABS

Laboratory Economics notes that utilization studies conducted by the Office of Inspector General led CMS to place strict limits on “pod” or “condo” labs in 2008.

Pod labs involve an arrangement in which a management company leases space in a medical building and subdivides it into separate histology lab spaces. Each space is rented by a different specialty group that contracts with a pathologist for professional services. These arrangements allow urology groups to earn substantial profits on patient specimens sent to distant pod labs.

In June 2007 the Office of Inspector General published utilization studies of three urology groups that had opened pod labs. The studies showed a dramatic increase in the average number of units of CPT 88305 per claim after each urology group had opened their own lab.

For example, the OIG study showed that when Florida Urology Physicians (Fort Myers, FL) used an independent lab for pathology services it submitted an average of 1.09 CPT 88305 units per Medicare claim. In 2004 the urology group started providing pathology services through a pod lab located in Sarasota, Florida, approximately 83 miles from the group’s main office. Thereafter, the group’s average number of CPT 88305 units jumped to 8.71 per Medicare claim. This was 699% higher than when the group had used an independent lab.

The OIG report said: “The practice acknowledged that its utilization increased and explained the increase by noting that industry standards were evolving. The practice stated that it had increased the number of tissue examination requests from earlier years in an attempt to more fully meet the needs of its patients.”

The OIG found that each of the three urology groups it audited complied with Medicare medical necessity and documentation requirements. The OIG also made no recommendations based on its studies.

However, the OIG’s findings probably influenced CMS’s decision to establish limits on the amount a physician can bill Medicare for pathology services provided at pod labs. Under the new rules, which became effective January 1, 2008, physician groups can no longer earn a profit on pathology services provided at pod labs for Medicare patients. But pod labs are still able to serve and profit from non-Medicare patients.

Florida Urology Physicians, which has six urologists, has since been acquired by 21st Century Oncology, which manages about 50 oncology and urology practices in Florida and operates its own histology lab in Fort Myers.

Utilization of Pathology Lab Services at Three Urology Groups

	<i>Average units of CPT 88305 per claim before opening own lab</i>	<i>Average units of CPT 88305 per claim after opening own lab</i>	<i>Percent Change</i>
Atlantic Urology Associates	7.09	8.90	26%
Urology Tyler	3.57	11.79	230%
Florida Urology Physicians	1.09	8.71	699%
Average	3.92	9.80	150%

Source: Dept. of Health and Human Services: Office of Inspector General: Audit of Pathology Laboratory Services, June 2007

BIG PAYDAYS FOR QUEST AND LABCORP CEOs (*cont'd from page 1*)

Quest's chairman and CEO Mohapatra received six categories of compensation last year that totaled \$12.3 million. These included: 1) salary of \$1.2 million; 2) stock awards of \$5.3 million; 3) stock options worth \$2.6 million; 4) senior management incentive plan compensation of \$1.2 million; 5) supplemental executive retirement plan benefit accumulation of \$1.8 million; and 6) "other" compensation of \$106,529, which included \$14,205 in matching 401K contributions, \$33,985 for chauffeur and vehicle costs, \$2,083 in security costs for Mohapatra's home, \$51,396 for use of company jets and \$4,860 in reimbursed legal expenses.

Net income at Quest fell by 1% to \$721 million in 2010; revenue was down 1% to \$7.4 billion. Quest's stock price decreased by 10% last year.

LabCorp's chairman and CEO David King also received six categories of compensation last year that totaled \$9.7 million. These included: 1) salary of \$885,333; 2) stock awards of \$4 million; 3) stock options worth \$2.65 million; 4) management incentive bonus of \$1.9 million; 5) pension plan value increase of \$131,722; and 6) "other" compensation of \$59,287, which included \$15,308 of financial planning services, \$7,350 in matching 401K contributions, insurance premiums of \$5,652, car allowance of \$14,400, security monitoring services of \$3,601 and club membership expense of \$730. In addition, LabCorp provided \$12,246 to cover the taxes for this other compensation.

Net income at LabCorp increased by 3% to \$558 million in 2010; revenue was up 7% to \$5 billion. LabCorp's stock price rose by 17% last year.

The next issue of *LE* will include a full analysis of executive compensation at all the publicly traded lab companies and IVD manufacturers.

CELERA EXECS TO GET WINDFALL FROM SALE TO QUEST

Quest Diagnostics has agreed to buy Celera Corp. (Alameda, CA) for \$8 per share, or \$671 million, in a deal expected to close at the end of this month. The transaction will trigger big changes in control payments to the top executives at Celera, according to disclosure filings with the Securities & Exchange Commission (Schedule 14D-9, March 28, 2011).

- ❑ Kathy Ordonez, chief executive and a founder of Celera Diagnostics, will receive a total of \$3.5 million. This includes \$1.2 million from cashed-in stock and options plus a \$2.3 million lump-sum cash payment. In addition, Ordonez is entitled to a cash severance payment of \$3.4 million, if she resigns or is fired within the next 36 months.
- ❑ Michael Mercer, senior vice president of Berkeley HeartLab, will receive a total of \$1.4 million. This includes \$606,428 from stock and options, plus a \$680,050 lump-sum cash payment.
- ❑ Michael Zoccoli, PhD, senior vice president of the products group, will receive \$1.2 million, including \$766,926 from stock and options, plus a \$637,304 lump-sum cash payment.
- ❑ Paul Arata, senior vice president of human resources administration, will receive \$1.2 million, including \$580,396 from stock and options, plus a \$577,071 lump-sum cash payment.

BLOOD BANKING AND HISTOLOGY TECHS IN GREATEST DEMAND

Blood banking/transfusion medicine had the highest vacancy rate (11.6%) for all lab departments, according to the American Society for Clinical Pathology’s 2011 Vacancy Survey of U.S. Clinical Laboratories. The survey showed that 19.6% of blood banking/transfusion medicine employees work double shifts or overtime.

Vacancy rates for histology departments were also high (9.8%). Of the total staff in this department, 20.9% work double shifts or overtime.

The ASCP’s 2011 Vacancy Survey was based on 1,719 respondents to an electronic survey conducted in January 2011.

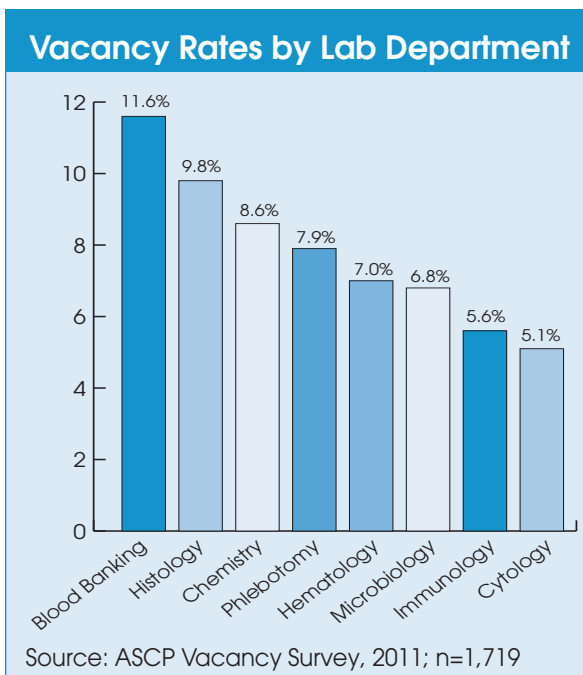
Another recent survey conducted by the ASCP showed that staff medical technologists were paid an average of \$26.16 per hour, or \$54,412 per year, in 2010. Over the past five years, average hourly pay for medical technologists has increased by 4% per year.

Staff histotechnologists were paid an average of \$26 per hour, or \$54,080 per year, in 2010.

Over the past five years, average hourly pay for histotechnologists has increased by 3.8% per year.

Phlebotomists were paid an average of \$13.50 per hour, or \$28,080 per year. Their wages have increased by 2.8% annually over the past five years.

The ASCP’s 2010 Wage Survey was based on 10,117 respondents to an electronic survey conducted in April 2010.



Average Wages for Laboratory Staff

	Hourly Wage	Annual Salary	5-Year CAGR
Phlebotomist-Staff	\$13.50	\$28,080	2.8%
Phlebotomist-Supervisor	\$20.08	\$41,766	3.6%
Blood Banking Specialist-Staff	\$28.6	\$59,530	NA
Blood Banking Specialist- Supervisor	\$34.20	\$71,136	NA
Histotechnician-Staff	\$22.68	\$47,174	4.2%
Histotechnician-Supervisor	\$29.48	\$61,318	NA
Histotechnologist-Staff	\$26.00	\$54,080	3.8%
Histotechnologist-Supervisor	\$32.10	\$66,768	4.3%
Medical Technologist-Staff	\$26.16	\$54,412	4.0%
Medical Technologist-Supervisor	\$31.68	\$65,478	4.1%
Cytotechnologist-Staff	\$29.44	\$61,235	2.4%
Cytotechnologist-Supervisor	\$34.26	\$71,261	2.3%
Pathologists’ Assistant-Staff	\$36.03	\$74,922	NA
Pathologists’ Assistant-Supervisor	\$37.80	\$77,376	NA

Source: ASCP Wage Survey, 2010; n=10,117

LAB STOCKS UP 11% YEAR TO DATE

Eleven lab stocks have risen by an unweighted average of 11% so far this year through April 15. The combined market capitalization for the group is currently \$24 billion. In comparison, the S&P 500 Index is up 5% and the Nasdaq is up 4%. The top-performing lab stock so far this year is CombiMatrix, up 31%, followed by Celera, up 27%, which is being acquired by Quest Diagnostics. Meanwhile, the stock price of LabCorp is up 9% and Quest is up 8%.

Company (ticker)	Stock Price 12/31/10	Stock Price 4/15/11	2011 Price Gain	Market Capitalization (\$ millions)	Earnings Past 12 Months	Price-to- Earnings Ratio
Bio-Reference (BRLI)	\$22.18	\$23.70	7%	\$662	\$1.09	21.7
CombiMatrix (CBMX)	2.15	2.81	31%	21	-1.29	NA
Celera (CRA)	6.30	8.01	27%	658	-0.30	NA
Enzo Biochem (ENZ)	5.28	3.83	-27%	147	-0.42	NA
Genomic Health (GHDX)	21.39	25.99	22%	757	0.14	185.6
LabCorp (LH)	87.92	95.79	9%	9,597	5.29	18.1
Medtox Scientific (MTOX)	13.10	15.13	15%	135	0.34	44.5
Myriad Genetics (MYGN)	22.84	20.54	-10%	1,846	1.22	16.8
Neogenomics (NGNM)	1.30	1.50	15%	64	-0.10	NA
Psychemedics (PMD)	8.20	10.11	23%	53	0.51	19.8
Quest Diagnostics (DGX)	53.97	58.36	8%	9,989	4.05	14.4
Averages			11%	\$23,929		45.9

Source: Bloomberg

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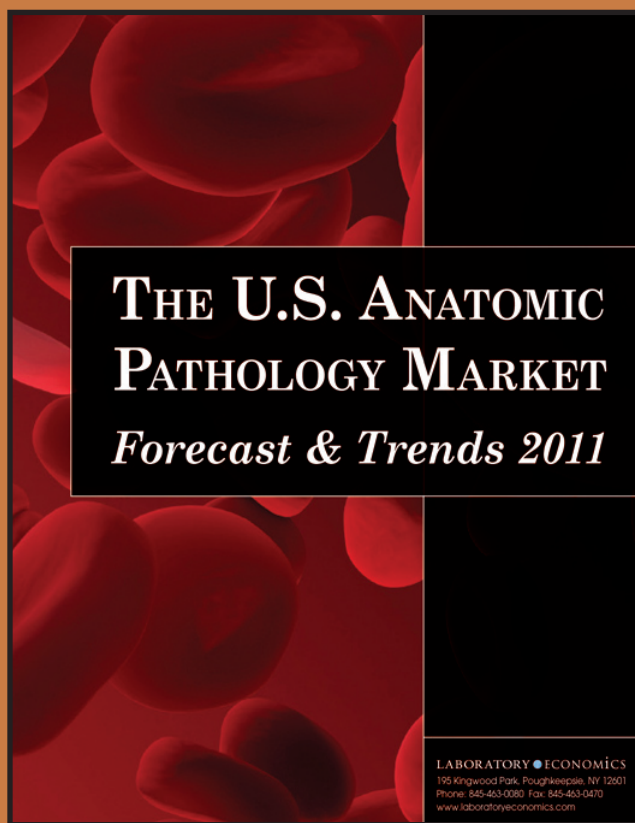
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Appendix: Pathology Lab Company Profiles

Agendia, Aurora Diagnostics, Bio-Reference Labs, Bostwick Labs, Caris Life Sciences, CBLPath, Clariant Inc., Genomic Health, Genoptix, Genzyme Genetics, HealthTronics/ClariPath, LabCorp, med fusion, Myriad Genetics, NeoGenomics, PathGroup, Quest Diagnostics

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