

Lab Industry Analysis 2010: *Test Volumes, Revenues, and Category Leaders*



Published by:
Washington G-2 Reports
1 Phoenix Mill Lane, Fl. 3
Peterborough, NH 03458-1467
Customer Service: 800-401-5937, ext. 2
Fax: 973-622-0595
www.g2reports.com

Lab Industry Analysis 2010: *Test Volumes, Revenues, and Category Leaders*

Editor:

Mark Terry

Copy Editor:

Doug Burnett

Joe Bremner:	President
Doug Anderson:	V.P., Publisher
Dan Houser:	Chief Marketing Officer
Beth Butler:	Director of Marketing

ISBN: 978-1-58673-411-4

© 2010 BNA Subsidiaries, LLC. All rights reserved. Notice: No part of this publication may be reproduced, stored in a retrieval system or transmitted by any means, electric or mechanical, without prior written permission of BNA Subsidiaries, LLC, Peterborough, NH USA

Contents

CHAPTER 1	Introduction	1
	National Health Expenditures and the Laboratory Industry	1
	Positive Factors for the Laboratory Industry	3
	1. More Efficiency Within the Laboratory Industry	3
	2. The Aging Population	3
	3. Decreased Overcapacity	6
	4. Increased Use of Molecular Diagnostics as Well as Personalized Medicine	10
	Two Primary Risk Factors: Lab Personnel Shortages and Government Regulation	18
	1. Lab Personnel Shortage	18
	2. Government Oversight, Regulation, Reform, and Billing.	22
CHAPTER 2	The Size and Structure of the Laboratory Industry	29
	Medicare Reimbursement.	39
	Medicare Reimbursement/Part B Physician Fee Schedule.	40
	Laboratory Efficiency	41
CHAPTER 3	Growth in the Laboratory Industry	43
	Hospital Laboratory Sector	44
	Independent Laboratory Sector	46
	Mergers and Acquisitions	53
CHAPTER 4	Demographics and the Laboratory Industry	61
	The Most Populous States	62
	Fastest-Growing Markets in the United States.	63
	Top Laboratories in the Fastest-Growing Markets.	64
	Leading Outreach Markets in the United States.	66
	The Top 25 Highest-Volume Hospital Lab Facilities in the United States . . .	67
	The Top 25 Highest-Volume Independent Lab Facilities in the United States	69
CHAPTER 5	State Profiles of Hospital and Commercial Laboratory Facilities	71
	ARIZONA.	72
	Commercial Laboratory Facilities in Arizona	72
	Hospital Laboratory Facilities in Arizona.	73
	CALIFORNIA	75
	Commercial Laboratory Facilities in California	75
	Hospital Laboratory Facilities in California	76

FLORIDA	78
Commercial Laboratory Facilities in Florida	78
Hospital Laboratory Facilities in Florida	79
GEORGIA	81
Commercial Laboratory Facilities in Georgia	81
Hospital Laboratory Facilities in Georgia	82
ILLINOIS	84
Commercial Laboratory Facilities in Illinois	84
Hospital Laboratory Facilities in Illinois	85
INDIANA	87
Commercial Laboratory Facilities in Indiana	87
Hospital Laboratory Facilities in Indiana	88
MARYLAND	90
Commercial Laboratory Facilities in Maryland	90
Hospital Laboratory Facilities in Maryland	91
MASSACHUSETTS	93
Commercial Laboratory Facilities in Massachusetts	93
Hospital Laboratory Facilities in Massachusetts	94
MICHIGAN	96
Commercial Laboratory Facilities in Michigan	96
Hospital Laboratory Facilities in Michigan	97
MISSOURI	99
Commercial Laboratory Facilities in Missouri	99
Hospital Laboratory Facilities in Missouri	100
NEW JERSEY	102
Commercial Laboratory Facilities in New Jersey	102
Hospital Laboratory Facilities in New Jersey	103
NEW YORK	105
Commercial Laboratory Facilities in New York	105
Hospital Laboratory Facilities in New York	106
NORTH CAROLINA	108
Commercial Laboratory Facilities in North Carolina	108
Hospital Laboratory Facilities in North Carolina	109
OHIO	111
Commercial Laboratory Facilities in Ohio	111
Hospital Laboratory Facilities in Ohio	112
PENNSYLVANIA	114
Commercial Laboratory Facilities in Pennsylvania	114
Hospital Laboratory Facilities in Pennsylvania	115
TENNESSEE	117
Commercial Laboratory Facilities in Tennessee	117
Hospital Laboratory Facilities in Tennessee	118

TEXAS.	120
Commercial Laboratory Facilities in Texas	120
Hospital Laboratory Facilities in Texas	121
VIRGINIA.	123
Commercial Laboratory Facilities in Virginia	123
Hospital Laboratory Facilities in Virginia.	124
WASHINGTON	126
Commercial Laboratory Facilities in Washington	126
Hospital Laboratory Facilities in Washington.	127
WISCONSIN	129
Commercial Laboratory Facilities in Wisconsin	129
Hospital Laboratory Facilities in Wisconsin.	130
CHAPTER 6 About G2 Intelligence (Formerly Washington G-2 Reports)	133

List of Figures

Figure 1.1	National Expenditures on Health Services and the Laboratory Industry (\$ Billions)	2
Figure 1.2	Commercial Laboratory Companies—Average Revenue Per Accession	3
Figure 1.3	Median Age of the U.S. Population	4
Figure 1.4	Projected U.S. Population by Age, 2000-2050 (Millions)	4
Figure 1.5	Reported Deaths for the Five Leading Cancer Sites by Age in the United States in 2006	5
Figure 1.6	Number of U.S. Registered Hospitals	6
Figure 1.7	Total Number of CLIA-Certified Lab Facilities, 1996-2009.	7
Figure 1.8	Value of Laboratory Mergers, Acquisitions, and IPOs (\$ Millions), 2000-2009.	9
Figure 1.9	Number of Laboratory Mergers, Acquisitions, and IPOs, 2000-2009	9
Figure 1.10	Growth of Genetics Laboratories in the United States 1993-2009.	11
Figure 1.11	Molecular Diagnostics by Market Segment 2006.	11
Figure 1.12	Genetic Testing Market From 2006 to 2013 (\$ Millions)	12
Figure 1.13	FDA-Approved Molecular Diagnostic Tests for Cancer	12-13
Figure 1.14	26 Well-Known Pharmacogenetics Gene-Drug Relationships.	14-15
Figure 1.15	Prominent Oncology Pharmacogenetic Tests	16-17
Figure 1.16	Laboratory Personnel Employment Projections.	19
Figure 1.17	Average Vacancy Rates for Key Laboratory Positions, 2005 Versus 2008 Vacancy Rate (%)	19
Figure 1.18	Median Hourly Pay Rates: 2000-2008.	20
Figure 1.19	Decline in Number of Medical Technologist Programs.	21
Figure 1.20	Number of Certified Medical Technologists: 1980-2007.	22
Figure 1.21	CAP’s Three-Tiered Approach to LDT Oversight.	24
Figure 2.1	Laboratory Industry Revenue, 1998-2010P (\$ Billions)	30
Figure 2.2	Laboratory Industry Market Share by Test Volume, 2009	31
Figure 2.3	Laboratory Market Per Market Segment by Revenue, 2009 (\$Billions)	31
Figure 2.4	Major Testing Segments in the Laboratory Industry, 2008, 2009, and 2010P (\$Billions)	32
Figure 2.5	Lab Segment Annual Growth Rates, 2006-2008.	33
Figure 2.6	Projected Growth by Laboratory Segment, 2010P	33
Figure 2.7	Total Number of CLIA-Certified Lab Facilities, 1996-2009.	34
Figure 2.8	Total Number of CLIA-Certified Laboratories by Laboratory Type, 2009	34
Figure 2.9	Revenue Trends of Publicly Traded Laboratory Companies.	36

Figure 2.10	Top 5 Independent Laboratory Corporations by Nonwaived Test Volumes, 2009	38
Figure 2.11	Recent Sonic Healthcare Laboratory Acquisitions, 2007-2009	38
Figure 2.12	Medicare Reimbursement for Professional Component of CPT 88305	39
Figure 2.13	Medicare Reimbursement for CPT 88305, 2000-2009	40
Figure 2.14	Comparing Efficiency at the Three Largest Commercial Labs	41
Figure 3.1	Total Number of CLIA-Certified Lab Facilities, 1996-2009.	43
Figure 3.2	Laboratory Industry Market Share by Test Volume, 2009	44
Figure 3.3	Total Number of CLIA-Certified Hospital Laboratory Facilities	45
Figure 3.4	Total Hospital Laboratory Test Volumes, 2007 and 2009	45
Figure 3.5	Hospital Laboratory Revenues (\$ Billions)	46
Figure 3.6	Revenue Trend for Independent Laboratory Sector (\$ Billions)	47
Figure 3.7	Revenue Trends of Publicly Traded Laboratory Companies.	52
Figure 3.8	Laboratory Mergers and Acquisitions, January 2000-August 2009 (\$ Millions)	55-60
Figure 4.1	States With Highest Population Growth, 1999-2009	61
Figure 4.2	Fastest-Growing U.S. Counties, 2007-2008	62
Figure 4.3	Census Data for the 20 Most Populous States	62-63
Figure 4.4	Top 20 Fastest-Growing Markets in the United States	64
Figure 4.5	Top Labs in the Fastest-Growing Markets	65
Figure 4.6	Estimated Outreach Lab Market Size for the 20 Most Populous States	67
Figure 4.7	Top 25 Highest-Volume Hospital Lab Facilities by Total Annual Test Volume.	68-69
Figure 4.8	The Top 25 Highest-Volume Independent Lab Facilities by Total Annual Test Volume	70

CHAPTER 6

About G2 Intelligence

Advancing the Business of Diagnostic Medicine

G2 Intelligence provides timely, accurate and trusted analysis of industry and market trends, legal and regulatory developments, and technology and innovation that directly affect the operations, financial performance and competitive position of diagnostic testing laboratories and related medical services providers.

Formerly known as “Washington G-2 Reports”, the company has covered and reported on the diagnostic industry for over 30 years. G2 Intelligence delivers topical and analytical periodicals, proprietary research studies, and custom advisory services, and through live and virtual events, facilitates industry meetings and information exchanges.

Our mission is to deliver relevant, meaningful and actionable findings on diagnostic industry markets related regulatory changes and lab operations. The organization strives to exceed client expectations and develop mutually beneficial relationships with industry leaders and influencers.

G2 Intelligence is a division of Kennedy Information, LLC, a leading provider of professional markets analysis.

Information on other G2 Intelligence products and services can be found at www.G2Intelligence.com.

Diagnostics Market Analysis and Trends

- *Lab Industry Strategic Outlook 2011: Market Trends & Analysis*
- *Lab Industry Analysis 2010: Test Volumes, Revenues and Category Leaders*
- *U.S. Laboratory Reference Testing: Market Profile & Pricing Trends 2010*
- *Lab Industry Strategic Outlook – India: Trends & Analysis 2010*

Laboratory Business Strategy and Operations

- *How to Build a Molecular Testing Laboratory: Key Strategic & Operational Considerations*
- *Sales Compensation in the Laboratory Industry: Incentives, Plans and Strategies*
- *Healthcare Market Reforms: Implications and Prescriptions for Laboratories*
- *Laboratory Industry Strategic Outlook: Niche/Specialty Markets*
- *Survival Guide to Negotiating Managed Care Contracts*
- *Strategies for Anatomic Pathology, Second Edition*
- *Guide to Integrated Diagnostics: Where Digital Pathology, Digital Radiology and Molecular Diagnostics Meet*
- *Directory of Laboratory Outreach Programs*
- *Guide to Laboratory Sales & Marketing*
- *Business Strategies for Laboratory Outreach Programs, 3rd Edition*

Compliance, Regulation and Risk

- *CLIA Compliance: The Essential Reference for the Clinical Laboratory, 3rd Edition*
- *Medicare Reimbursement Manual For Laboratory & Pathology Services 2011*

Periodicals

- *Laboratory Industry Report*
- *National Intelligence Report*
- *G2 Compliance Report*
- *Diagnostic Testing & Technology Report*

Webinars

G2 Intelligence produces live web events that provide unique insight and analysis into the issues that matter the most to your lab. Learn with your colleagues in a convenient, interactive forum and gain access to our expert faculty's perspective on a wide range of topics.

Can't make the date for the live event? View our webinar archive for access to recordings of our most highly-rated events.

Find out more at www.G2Intelligence.com/webinars.

Annual In-Person Conferences

G2's highly-rated in-person events have set the standard for learning and networking opportunities since 1979. Featuring world-class faculty, and an ever-changing array of topics, G2's in-person events are designed to deliver the intelligence and insight you need to manage in today's quickly changing, hyper-competitive business environment.

Position your lab for growth, keep up with the competition, and stay current on the latest regulatory changes that impact your lab—both now and in the future.

Find out more at www.G2Intelligence.com/events.

- *Lab Institute*
- *Molecular Diagnostics, Fall & Spring*
- *Laboratory Outreach*
- *Lab Leaders' Summit*
- *LabCompete: Laboratory Sales & Marketing*



Quick Order Form

YES! Please send me **Lab Industry Analysis 2010: Test Volumes, Revenues, and Category Leaders** for just \$895.

Ship via UPS (\$10) 2-day UPS (\$20) Next-day UPS (\$55)
(Continental US and Hawaii orders only. Outside US, call for shipping rates.)

My check for \$_____, made payable to G2 Intelligence, is enclosed.

Charge \$_____ to my: VISA MasterCard AmEx

Card Number _____

Expiration Date _____ CCV Code _____

Name on Card _____

Signature _____

Bill me (Your report will ship on receipt of payment.)

Ship to:

Name _____

Title _____

Company _____

Address _____

City _____

State _____ Zip +4 _____

Telephone _____

e-mail _____

By providing your mail, phone, and e-mail address, you agree to receive communications from G2 Intelligence via mail, phone, and email.



G2 Intelligence

1 Phoenix Mill Lane, Fl. 3

Peterborough, NH 03458 USA

Tel: 1-800-401-5937 • 973-718-4700

Fax: 603-924-4034

email: customerservice@G2Intelligence.com

www.G2Intelligence.com

Payment for orders shipped to WA, MD, NY, and NJ must include state and local sales tax.