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Press Release

\$57 Billion Medical Lab Testing Industry Feels Recession, But Long-Term Outlook Is Strong

Tampa FL, April 5, 2010 Marketdata Enterprises, Inc., a leading independent market research publisher of “off-the-shelf” studies about service industries since 1979, has released a new 231-page report entitled: [The U.S. Medical Labs Industry](#). This **10th edition** best-selling study is a comprehensive analysis of the routine and esoteric clinical test markets and the labs that perform them—independent commercial, hospital-based, or physician office facilities.

According to Research Director, John LaRosa: “This is a huge yet fragmented business that’s now growing moderately with the aging of Americans, the development of new tests, and newly expanded healthcare coverage. Test volumes, especially employee drug testing, were hurt by the recession. It’s dominated at the top by two large publicly owned organizations: Lab Corp. of America and Quest Diagnostics, which have lately purchased many smaller competitors in the esoteric test market to fuel faster-than-average growth.”

Major Findings:

- **Industry Size:** Clinical lab testing in 2009 was a \$55.7 billion business in the U.S., expected to grow 3.6% to \$55.7 billion in 2010. We forecast medical lab revenues to grow 5.2% per year through 2013, to \$67 billion, slower than the historical pace.
- **Major Test Segments...** The Pap test market is worth at least \$735 million, with a high-end potential of \$1.8 billion. Employee drug testing has fallen to \$528 million, due to less hiring by employers during the recession.
- There are approximately 5,200 independent Commercial labs (ICLs) left, vs. 8,600 hospital labs (main and satellite labs) and 110,000 Physician office labs. Marketdata estimates that ICLs share of testing revenue will remain level at 33% to 2013, while hospital labs’ share rises to nearly 57%. Physician office and other labs will account for about 10%.
- **The esoteric test market** was worth \$6.6 billion in 2009 and is growing 10% per year. Quest and LabCorp have each acquired several competitors in recent years, leaving few independent esoteric labs left for purchase.

- Medical labs' operating profit in 2009 stood at 10.3% of net sales, second best since 2005. Pre-tax profit was 8.6%, versus 7.0% in 2005. Reimbursement pressures on routine tests have squeezed profits.
- Routine tests account for 70% of the total dollar value of industry receipts, followed by 18% for anatomic pathology and 12% for esoteric tests.
- Moderate growth to 2013 should be driven by the development of new tests and technologies, the preventive role of testing, increased genomic testing, and the aging of the American population.

Estimated Industry Receipts - by Test Segment

	Routine (\$ Billions)	Anatomic Pathology (\$ Billions)	Esoteric (\$ Billions)	Anatomic Pathology & Esoteric (\$ Billions)	Total Receipts (\$ Billions)
2002	28.1	6.5	3.4	9.9	38.0
2003	29.4	6.9	3.7	10.6	40.0
2004	30.8	7.4	4.3	11.7	42.5
2005	32.4	7.9	4.6	12.5	45.0
2006	34.0	8.4	5.1	13.5	47.5
2007	36.0	8.9	5.6	14.5	50.5
2008	38.1	9.5	6.2	15.7	53.8
2009	39.3	9.8	6.6	16.4	55.7
2010 F	40.5	10.2	7.1	17.3	57.8
2013F	42.1	11.9	9.1	21.0	67.5

Editor's Note: The U.S. Medical Laboratories Industry, published in April 2010, is an independently researched market study. It contains 113 tables and is 231 pages long. It costs \$2,195, but is sold by individual chapters at lower cost. A free brochure is available by mail, Fax, or email: Contact: John LaRosa, Marketdata Enterprises, Inc., 8903 Regents Park Drive, Suite 120, Tampa, FL 33647, or: see our website: www.marketdataenterprises.com. Study available in print or digital formats. **A 40 pp. Overview of report highlights is available for \$79.**