

MATERIAL CHANGE NOTICE SUBMISSION DETAILS

MCN Number	2024-06-11-1162
OHCA Review Start Date	7/11/24
Anticipated date (unless tolled per regulation) by which OHCA could waive cost and market impact review	8/26/24
Anticipated date (unless tolled per regulation) by which OHCA could determine cost and market impact review required	9/6/24

SUBMITTER

HEALTH CARE ENTITY CONTACT FOR PUBLIC INQUIRY

Title	Vice President
First Name	John
Last Name	Treadwell
Email Address	treadwj@labcorp.com

GENERAL

Business Name	Laboratory Corporation of America HOldings
Website	labcorp.com
Ownership Type	Corporation
Tax Status	For-profit
Federal Tax ID	13-3757370
Description of Submitting Organization	<p>Submitter is a global leader of innovative and comprehensive laboratory services that provides vital information to help doctors, hospitals, pharmaceutical companies, researchers, and patients make clear and confident decisions. Submitter provides insights and accelerates innovations to improve health and improve lives through its two business segments: Diagnostic Laboratories and Biopharma Laboratory Services.</p> <p>Business lines or segments: Submitter is an industry leader in gene-based and esoteric testing and provides a range of frequently requested and specialty testing services, including anatomic pathology/oncology, cardiovascular disease, coagulation, diagnostic genetics, endocrinology, infectious disease, women's health, pharmacogenetics, parentage and donor testing, occupational testing services, medical drug monitoring services, chronic disease programs and kidney stone prevention.</p>
Governance and Operational Structure	
Health Care Provider	Yes
For Providers: Desc. of Capacity or	The Submitter is a national provider of clinical laboratory services. Submitter owns and operates clinical laboratories in multiple states, and specimens collected from patients in

Patients served in California	<p>California may be sent for processing to any number of these labs, depending on the type of test ordered. Below is a list of the California-licensed clinical laboratories owned by Submitter that are located in the State of California.</p> <ol style="list-style-type: none"> 161 Rivermouth Ln, Vallejo CA 94591 6401 Pat Ave, West Hills CA 91307 19750 S Vermont Ave, Torrance CA 90502 <p>Subsidiaries of the Submitter also own and operate laboratories in the state of California.</p>
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LOCATIONS

Counties	<p>All Counties; Alameda; Alpine; Amador; Butte; Calaveras; Colusa; Contra Costa; Del Norte; El Dorado; Fresno; Glenn; Humboldt; Imperial; Inyo; Kern; Kings; Lake; Lassen; Los Angeles; Madera; Marin; Mariposa; Mendocino; Merced; Modoc; Mono; Monterey; Napa; Nevada; Orange; Placer; Plumas; Riverside; Sacramento; San Benito; San Bernardino; San Diego; San Francisco; San Joaquin; San Luis Obispo; San Mateo; Santa Barbara; Santa Clara; Santa Cruz; Shasta; Sierra; Siskiyou; Solano; Sonoma; Stanislaus; Sutter; Tehama; Trinity; Tulare; Tuolumne; Ventura; Yolo; Yuba</p>
California licenses and numbers	<p>As noted above, Submitter is a national provider of clinical laboratory services, and the California Department of Public Health (DPH) requires all laboratories testing specimens from California to have a California clinical laboratory license. As such, many of Submitter's laboratories both in California and in other states have clinical laboratory licenses issued by the DPH. We have provided the list of clinical labs located in California that are identified on the lab permit as being owned by Submitter, but we do not consider these labs, or other labs that may test specimens associated with the acquired assets, to be "involved in the transaction", nor do we anticipate the transaction affecting the services provided at these labs.</p> <ol style="list-style-type: none"> 161 Rivermouth Ln, Vallejo CA 94591 CLF-90009734 6401 Pat Ave, West Hills CA 91307 CLF-90009545 19750 S Vermont Ave, Torrance CA 90502 CDF-00000195
Other States Served	<p>None; AK; AL; AR; AZ; CO; CT; DC; DE; FL; GA; HI; IA; ID; IL; IN; KS; KY; LA; MA; MD; ME; MI; MN; MO; MS; MT; NC; ND; NE; NH; NJ; NM; NV; NY; OH; OK; OR; PA; RI; SC; SD; TN; TX; UT; VA; VT; WA; WI; WV; WY</p>
Other state(s) licenses and numbers	<p>Submitter holds clinical laboratory licenses in a number of other states, as required by applicable state law.</p>

Primary Languages used when providing services	English
Other Languages	Submitter complies with applicable law regarding providing services to those with limited English.

MATERIAL CHANGE

ADDITIONAL ENTITIES

Business Name	Description of the Organization	Ownership Type	Additional MCN Submission
BioReference Health, LLC	Annual Revenue 2021: \$99,261,696 2022: \$39,794,924 2023: \$12,764,539 Counties of Operation Los Angeles County (3401 Winona Ave, Unit 101, Burbank CA 91504) Healthcare Type Laboratory Type of Facilities Research, laboratory testing Primary Languages English, Spanish, Mandarin	Limited Liability Company	Yes
OPKO Health, Inc.	Annual Revenue 2021: \$10,201,045 2022: \$10,019,329 2023: \$10,185,427 Counties of Operation Not applicable – OPKO does not have locations in CA Healthcare Type Pharmaceutical Type of Facilities Research, pharmaceutical development Primary Languages English, Spanish, Mandarin	Corporation	No

CRITERIA

A health care entity with annual revenue, as defined in section 97435(d) , of at least \$25 million or that owns or controls California assets of at least \$25 million, or;	Yes
A health care entity with annual revenue, as defined in section 97435(d) , of at least \$10 million or that owns or controls California assets of at least \$10 million and is a party to a transaction with any health care entity satisfying subsection (b)(1), or	Yes

CIRCUMSTANCES FOR FILING

The proposed fair market value of the transaction is \$25 million or more and the transaction concerns the provision of health care services.	Yes
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TRANSACTION DETAILS

Anticipated Date of Transaction Closure	9/30/2024
Description of Transaction	See attachment "Description of Transaction."
Submitted to US Department of Justice or Federal Trade Commission?	Yes
Date of Submission	4/18/2024
Description of current services provided and expected post-transaction impacts on health care services	See attachment "Services Provided Currently and Post-Transaction."
Prior mergers or acquisitions that: (A) involved the same or related health care services; (B) involved at least one of the entities, or their parents, subsidiaries, predecessors, or successors, in the proposed transaction; and (C) were closed in the last ten years.	<p>For Submitter, the following mergers or acquisitions in California in the past ten years:</p> <ul style="list-style-type: none">- January 2016 acquisition of Analytical Laboratories- March 2016 acquisition of Pathology Holdings, Inc.- May 2016 acquisition of UWL - Henry Mayo- September 2016 acquisition of Sequenom, Inc.- May 2017 acquisition of PAML- September 2017 acquisition of ChromaDex- October 2018 acquisition of PMI Preclinical- June 2020 acquisition of Rheumatology Diagnostics Lab- October 2020 acquisition of SnapLOT- September 2021 acquisition of Sandstone Diagnostics- March 2024 acquisition of Providence Health & Services Outreach- March 2024 acquisition of WestPac Labs
Description of Potential Post Transaction Changes	<p>(A) Ownership, governance, or operational structure of the parties to the transaction;</p> <p>Submitter does not currently anticipate making any ownership, governance, or operational structure changes related to the BioReference assets post-closing.</p> <p>(B) The submitter's employee staffing levels, job security, retraining policies, wages, benefits, working conditions, and/or employment protections;</p>

	<p>Submitter and its subsidiaries have 4,669 employees in the state of California as of May 29, 2024.</p> <p>Submitter has extended offers of employment to all 63 of BioReference's employees in California. The majority of those offers for employment have been accepted. Post-closing, Submitter will continue to evaluate employment needs based on business conditions and prospects. Submitter provides employment protections, wages, benefits, and working conditions in accordance with applicable California and federal law. As described in the Labcorp Code of Conduct and Ethics, Submitter is committed to providing equal opportunity in all aspects of employment and does not tolerate any form of unlawful discrimination, harassment or retaliation.</p> <p>(C) City or county contracts regarding the provision of health care services between the parties to the transaction and cities or counties;</p> <p>Submitter does not currently anticipate making any changes to city or county contracts regarding the provision of health care services that are related to the BioReference assets post-closing.</p> <p>(D) If a provider, comparable health care services currently offered by other health care entities within 20 miles of any location where the submitter offers health care services.</p> <p>Health care providers throughout California have a wide range of clinical laboratories from which they can order lab services. The parties are unaware of any potential post-transaction changes to comparable health services offered by other health care entities within 20 miles of any party location.</p>
<p>Description of the nature, scope, and dates of any pending or planned material changes occurring between the Submitter and any other entity, within the 12 months following the date of the notice</p>	<p>Submitter anticipates that the transaction referenced in MCN 2024-05-24-1141 will close upon the completion of OHCA's review.</p>

Submitter response to Question 6(a), “Description of Transaction”:

1. The goals of the transaction;

The transaction is expected to provide patients, physicians and customers with greater access to Labcorp’s comprehensive, high-quality laboratory services, scientific expertise and expanded testing capabilities in key regions across the United States, especially in clinical diagnostics and women’s health.

2. A summary of the terms of the transaction;

The transaction is an asset sale, through which Labcorp Corporation of America Holdings will acquire certain BioReference assets in accordance with the terms of the negotiated Asset Purchase Agreement. Labcorp will acquire BioReference’s laboratory testing businesses focused on clinical diagnostics and reproductive and women’s health across the United States outside of New York and New Jersey. The acquired assets include certain business contracts, customer accounts, owned and leased real property, inventory and supplies, service marks, and owned personal property and equipment, such as furniture, fixtures, and lab equipment.

3. A statement of why the transaction is necessary or desirable;

The transaction is expected to provide patients, physicians and customers with greater access to Labcorp’s comprehensive, high-quality laboratory services, scientific expertise and expanded testing capabilities in key regions across the United States, especially in clinical diagnostics and women’s health.

For health care providers and patients, it also is expected to provide improved service and reliability, faster response times, and greater access to a robust menu of tests. Labcorp plans to use the BioReference assets to more effectively compete by utilizing its logistical capabilities to lower costs and deliver industry-leading service quality to customers in California.

4. General public impact or benefits of the transaction, including quality and equity measures and impacts;

The transaction will have a positive public impact as Submitter will be better positioned to provide patients and providers with superior levels of service quality and robust test offerings.

5. Narrative description of the expected competitive impacts of the transaction; and

The transaction is expected to enhance competition as BioReference’s complementary assets will bolster Submitter’s ability to provide superior service levels. Submitter and BioReference have minimal existing competitive overlap in the geographic regions covered by the acquired assets.

6. Description of any actions or activities to mitigate any potential adverse impacts of the transaction on the public.

There is no expected adverse impact to the public that will result from the transaction as described above.

Submitter responses to Question 9 “Pre and Post Transaction Services,” subsection (a) Services Provided Currently and Post Transaction:

- a. Description of current services provided and expected post-transaction impacts on health care services.

Include the following as applicable:

(A) Counties where services are currently performed and any post-transaction changes thereto; Submitter and its subsidiaries provide clinical lab services to patients in all California counties, and does not anticipate any changes to these services as a result of the transaction.

(B) Levels and type of health care services currently offered, such as the full range of reproductive health care and sexual health care services, specialized services for LGBTQ+ populations, labor and delivery services, pediatric services, behavioral health services, cardiac services, and emergency services, and any post-transaction changes thereto;

Submitter and its subsidiaries provide laboratory testing services.

- Submitter’s frequently-ordered tests used in regular patient care include blood chemistry analyses, urinalyses, blood cell counts, thyroid tests, Pap tests, hemoglobin A1C, prostate-specific antigen (PSA), tests for sexually transmitted diseases (e.g., chlamydia, gonorrhea, trichomoniasis and human immunodeficiency (HIV), and hepatitis C (HCV)), vitamin D, microbiology cultures and procedures, and alcohol and other substance abuse tests.
- Submitter also offers specialty testing, including gene-based and esoteric testing; advanced tests that target specific diseases and use new technologies; and testing services related to anatomic pathology/oncology, cardiovascular disease, coagulation, diagnostic genetics, endocrinology, infectious disease, women's health, pharmacogenetics, parentage and donor testing, occupational testing services, medical drug monitoring services, chronic disease programs, and kidney stone prevention.
- As a result of the transaction, Submitter does not anticipate any changes to the services it provides.

(C) Summary that includes the number and type of patients currently served, including, but not limited to, age, gender, race, ethnicity, preferred language spoken, disability status, and payer category, and any post-transaction changes thereto; See Attachment “Patient Information.” There are no expected post-transaction changes thereto.

(D) Current community needs assessments, charity care, and community benefit programs, and any post-transaction changes thereto; and

- Through The Labcorp Charitable Foundation, a private charitable 501(c)(3) (the “Foundation”) Submitter and its affiliates support the mission of bringing quality health care access to all. The Foundation has issued more than 341 grants since 2020 to, among other things, support food pantries and summer meal programs for children, provide access to health care and patient support services for the

underserved, broaden access to STEM education programming, and to provide ongoing support for medical research, screenings, and programs that support a healthy lifestyle. The Foundation also matches employee donations to organizations that lead the way in health care research and in equitable access to care such as the American Red Cross, United Way, American Diabetes Association, and American Heart Association.¹

- Submitter offers financial assistance for clinical lab services to patients who qualify for it, based upon the patient's completion of Submitter's application for financial hardship program and provision of supporting documentation. Financial assistance is calculated based on the patient's family size and income as compared to federal poverty income guidelines.
- The Community Health Needs Assessment (CHNA) requirement is not applicable to Submitter.
- Submitter does not anticipate any changes to these programs in connection with the transaction.

(E) Whether Medi-Cal and Medicare patients are currently accepted and any post-transaction changes thereto. Submitter provides services for Medi-Cal and Medicare patients and will continue to provide services to these patients post-transaction.

¹ More information regarding the Foundation is available at <https://www.labcorp.com/about/our-impact/charitable-foundation>.