Quest Diagnostics and Memorial Hermann Health System to Broaden Access to Innovative, High-Value Lab Services in Texas

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Quest to Acquire Memorial Hermann Diagnostic Laboratories and Professionally Manage its Hospital Laboratories in Greater Houston
Quest to be the Sole Preferred Lab Provider for Memorial Hermann Health Plan, upon Closing

SECAUCUS, N.J. and HOUSTON, Jan. 27, 2020 /PRNewswire/ -- Quest Diagnostics (NYSE: DGX), the leading provider of diagnostic information services, and Memorial Hermann Health System, a leading not-for-profit health system that includes 17 hospitals and more than 300 care delivery sites in the Greater Houston region, today announced a multi-pronged, long-term collaboration intended to broaden access to innovative, high-value laboratory services for providers and patients in Greater Houston.

Quest and Memorial Hermann have executed a definitive agreement for Quest to acquire select assets which constitute substantially all the operations of Memorial Hermann Diagnostic Laboratories (MHDL), the outreach laboratory division of Memorial Hermann. The acquisition includes nearly 30 MHDL patient service centers and nearly 60 in-office laboratory service sites. These services will transition to the Quest Diagnostics full-service laboratory in Houston. Upon closing, Quest will also provide professional laboratory management services through a multi-year agreement for all of Memorial Hermann’s 21 hospital laboratories, which provide onsite rapid response testing. Memorial Hermann will continue to wholly own these labs.

In addition, Quest will become the sole preferred provider of laboratory services for the Memorial Hermann Health Plan, upon closing. The parties expect to complete the transaction in the second quarter of 2020, assuming customary regulatory approvals are granted. Details of the transaction were not disclosed.

The relationship between Memorial Hermann and Quest is designed to improve access to innovative, quality, and
cost-efficient diagnostic services for patients in Texas, particularly the Houston metropolitan area. Assuming the transaction's completion, physicians and patients will benefit from access to Quest's industry-leading test menu and broad health plan coverage along with an expanded network of nearly 80 patient services centers throughout Houston.

"Memorial Hermann's partnership with Quest marks one of many strategic steps we are taking to make value-based care and expanded access to important health services a reality for Houston communities," said David Callender, MD, Memorial Hermann President & CEO. "As part of Memorial Hermann's commitment to lower the cost of care, the System intends to utilize Quest's expertise and scale to improve cost-efficiencies while maintaining the high quality services and comprehensive resources needed to make Houston healthier, now and for generations to come."

"Memorial Hermann is a marquee health system nationally recognized for safe, high-quality care. Their decision to choose Quest underscores our unique ability to optimize lab strategies for health systems, with capabilities ranging from lab management and reference testing to acquisition," said Steve Rusckowski, Quest Diagnostics Chairman, President and CEO. "This relationship will also strengthen our laboratory and service network in Greater Houston, which in turn will empower more patients and providers in the area to access quality, cost-effective service at the Quest Diagnostics location most convenient for them."

"This transaction delivers on the Quest strategy to accelerate growth and drive operational excellence through strategically aligned, accretive acquisitions while bolstering our professional lab services," Rusckowski said.

Greater Houston (Houston-The Woodlands-Sugar Land Metropolitan Statistical Area) is one of the largest and fastest growing metropolitan areas in the United States, with 13 counties and approximately 7 million residents.

About Memorial Hermann

Charting a better future. A future that's built upon the HEALTH of our community. This is the driving force for Memorial Hermann, redefining health care for the individuals and many diverse populations we serve. Our 6,700 affiliated physicians and 27,000 employees practice the highest standards of safe, evidence-based, quality care to provide a personalized and outcome-oriented experience across our more than 300 care delivery sites. As one of the largest not-for-profit health systems in Southeast Texas, Memorial Hermann has an award-winning and nationally acclaimed Accountable Care Organization, 17 hospitals and numerous specialty programs and services conveniently located throughout the Greater Houston area. Memorial Hermann-Texas Medical Center is one of the nation's busiest Level I trauma centers and serves as the primary teaching hospital for McGovern Medical School at UTHealth. For more than 112 years, our focus has been the best interest of our community, contributing more than $588 million annually through school-based health centers and other community benefit programs. Now and for
generations to come, the health of our community will be at the center of what we do – charting a better future for all.

About Quest Diagnostics

Quest Diagnostics empowers people to take action to improve health outcomes. Derived from the world’s largest database of clinical lab results, our diagnostic insights reveal new avenues to identify and treat disease, inspire healthy behaviors and improve health care management. Quest Diagnostics annually serves one in three adult Americans and half the physicians and hospitals in the United States, and our 46,000 employees understand that, in the right hands and with the right context, our diagnostic insights can inspire actions that transform lives.


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