



## **Quest Diagnostics to Form Precision Oncology Center of Excellence Through Acquisition of Two Texas Laboratory Businesses to Serve Oncologists Nationwide**

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- **Quest to acquire Lewisville, Texas-based Med Fusion and Clear Point to create a base in the southwestern United States for providing precision medicine diagnostics to aid cancer treatment and care**
- **Transaction involves preferred provider relationships for Quest with Baylor Scott & White Health, McKesson's The US Oncology Network, Texas Oncology, and Pathologists Bio-Medical Laboratories**
- **Once completed, the transaction will bring Quest's services to 12 hospitals in North Texas and the largest network of community oncologists in the United States, with more than 1,400 physicians nationally**

MADISON, N.J., June 12, 2017 /PRNewswire/ -- Quest Diagnostics (NYSE: DGX) today announced that it has signed definitive agreements to acquire two laboratory businesses in Lewisville, Texas, with the aim to establish a center of excellence providing diagnostic services to aid the detection and management of cancer for oncologists and patients nationwide.



The two businesses, Med Fusion and Clear Point, together provide a full range of diagnostic services to physicians and provider networks. Baylor Scott & White Health (BSWH), the largest not-for-profit health care system in the state of Texas; The US Oncology Network (The Network), supported by McKesson Specialty Health, a division of McKesson Corporation; Texas Oncology; and Pathologists Bio-Medical Laboratories (PBM) are co-owners of one or both businesses.

Upon the completion of the transaction, Quest will become a preferred provider of advanced oncology diagnostics for The Network, including Texas Oncology. The Network is the largest of its kind, consisting of more than 400 locations across the United States and over 1,400 independent, community-based physicians. The advanced diagnostics Quest will provide include genomic and pathology testing, such as tumor sequencing, typically used by oncologists to select and monitor treatment and predict disease progression. Inherited genetic testing, such as for BRCA breast cancer screening, typically offered by non-oncologists, will not be part of a preferred provider relationship.

In addition, Quest will be a preferred provider of a full range of inpatient and outpatient diagnostic services for 12 hospitals of Baylor Scott & White Health in North Texas. Quest will provide these services from the center of excellence site in Lewisville upon close of the transaction. Quest and PBM will also have a preferred provider relationship for several services assuming the completion of the transaction.

"Precision medicine is changing the way we treat cancer and giving new hope to people living with the disease, but too often advanced diagnostics that facilitate the best possible care are out of reach of community oncologists and their patients," said Steve Rusckowski, chairman, president and CEO, Quest Diagnostics. "By partnering with McKesson Specialty Health and The Network, we will make Quest's state-of-the-art genomic analysis readily available to community oncologists everywhere. We also look forward to working with BSWH, a leading health system, to deliver broad access to high quality, high value services. This transaction will not only accelerate Quest's growth in cancer diagnostics, but also holds the promise of improving care for patients with cancer in Texas and the entire United States."

The transaction is expected to be completed in the third quarter of calendar year 2017, subject to the satisfaction of customary closing conditions, including obtaining required regulatory approvals. Additional terms were not disclosed.

Precision medicine diagnostics are intended to help guide personalized treatment, based on genomic, proteomic or other characteristics unique to the patient. Following the closing of the transaction, Quest Diagnostics and McKesson Specialty Health, with The Network and Texas Oncology, will collaborate on the development of standardized, evidence-based services for guiding treatment decisions within the electronic patient record and care plan workflow, building off a model spearheaded by Med Fusion. Quest expects to be able to offer versions of these services, once developed, to other providers in the United States with the goal to advance better cancer outcomes.

The center will complement Quest's existing centers of excellence in San Juan Capistrano and Valencia, California; Chantilly, Virginia; and Marlborough, Massachusetts. These laboratories generally specialize in advanced diagnostic services for marquee health systems and specialty physicians. In Texas, Quest Diagnostics also operates full-service laboratories in Irving and Houston.

Nearly 1.7 million people are expected to be diagnosed with cancer in the United States in 2017, according to the American Cancer Society.

Ziegler, a specialty investment bank, acted as the financial advisor to Med Fusion on the transaction.

### **Additional Executive Quotes**

"The US Oncology Network will benefit from our collaboration with Quest Diagnostics, a leader in innovative oncology and genomic testing," said Kirk Kaminsky, president, The US Oncology Network and Practice Management, McKesson Specialty Health. "We're excited about the opportunity for enhanced access to advanced diagnostic tools for the community-based oncology practices that we support."

"Quest is well positioned to expand med fusion's vision, helping deliver precision medicine in an unrelenting environment of value improvement for patients, physicians and other stakeholders," said John McWhorter, chief operating officer at Baylor Scott & White Health.

"By joining forces with Quest Diagnostics, Med Fusion will speed the development and adoption of its novel framework for precision medicine diagnostics developed in recent years by our team," said Jon L. Hart, chief executive officer, Med Fusion. "This relationship has tremendous potential to generate value and better outcomes and care for cancer patients."

### **About Baylor Scott & White Health**

Formed from the 2013 merger between Baylor Health Care System and Scott & White Healthcare, the system referred to as Baylor Scott & White Health is the largest not-for-profit health care system in the state of Texas. With total assets of \$10.8 billion\* and serving a population larger than the state of Georgia, Baylor Scott & White Health has the vision and resources to provide its patients continued quality care while creating a model system for a dramatically changing health care environment. The system now includes 48 hospitals, more than 1,000 access points, 5,500 active physicians, and 44,000 employees, plus the Scott & White Health Plan, Baylor Scott & White Research Institute and Baylor Scott & White Quality Alliance — a network of clinical providers and facilities focused on improving quality, managing the health of patient populations, and reducing the overall cost of care. For more information visit: [bswhealth.com](http://bswhealth.com)

\* based on audited 2016 fiscal year statements

### **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 annually serves one in three adult Americans and half the physicians and hospitals in the United States, and our 43,000 employees understand that, in the right hands and with the right context, our diagnostic insights can inspire actions that transform lives. For more information, please visit [www.QuestDiagnostics.com](http://www.QuestDiagnostics.com).

### **About Med Fusion**

Headquartered in Lewisville, Texas, Med Fusion is an integrated, advanced diagnostics laboratory and clinical trials service organization providing support to a wide range of healthcare providers through a patient-centric support model. The company is positioned to introduce more targeted diagnostics, reduce episode of care costs and enhance healthcare delivery system efficiencies. Based in a 200,000 square foot facility, the company's full service clinical laboratory includes a dedicated staff of over 450 well-trained healthcare professionals. For more information, please visit [www.medfusionservices.com](http://www.medfusionservices.com).

### **About Clear Point**

Clear Point serves healthcare providers with core and STAT laboratory testing and services, as well as certain advanced esoteric testing along with anatomic and reference tests through collaboration with Pathologists Bio-Medical Laboratories and [Med Fusion](#). Clear Point optimizes patient care delivery through its focus on efficient turnaround of test results, specimen preservation and tracking protocols, and integrated information systems with highly accurate and detailed reports. For more information, please visit [www.ClearPointlabs.com](http://www.ClearPointlabs.com)

### **About Texas Oncology**

Texas Oncology delivers high-quality cancer care with leading-edge technology and advanced treatment and therapy options available to help patients achieve "More breakthroughs. More victories."<sup>®</sup> in their fights against cancer. Texas Oncology, a pioneer in community-based cancer care, is an independent oncology practice with sites of service throughout Texas and southeastern Oklahoma. Texas Breast Specialists and Texas Urology Specialists, which focus on all areas of breast and urologic care, as well as Texas Center for Proton Therapy, are a part of Texas Oncology.

Texas Oncology patients have the opportunity to take part in some of the most promising clinical trials in the nation for a broad range of cancers. Texas Oncology is affiliated with US Oncology Research, which has played a role in nearly 60 FDA-approved cancer-fighting drugs, about one-third of all cancer therapies approved by the FDA to date.

Texas Oncology is a member of The US Oncology Network, one of the nation's largest community-based cancer treatment and research networks in America. For more information, visit [www.TexasOncology.com](http://www.TexasOncology.com).

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