



PAML and HCA Agree to Start New Lab Joint Venture in Utah

WHEN THE NEW LABORATORY JOINT VENTURE between **MountainStar Healthcare Network** of Salt Lake City, Utah, and **Pathology Associates Medical Laboratories** (PAML) of Spokane, Washington, was announced on November 1, most people were not aware of an important fact. (See *Dark Daily*, November 5, 2007.)

MountainStar Healthcare Network is owned by **Hospital Corporation of America** (HCA), of Brentwood, Tennessee. That brings the nation's largest for-profit hospital corporation directly into the laboratory outreach business. That has interesting implications for the laboratory industry in the long term.

► Motivating HCA To Expand

One, if this laboratory joint venture proves to be a financial home run, it could motivate HCA to enter into additional laboratory joint ventures in other regions where it owns hospitals. Since HCA owns 179 hospitals in the United States, Switzerland, and the United Kingdom, it has plenty of opportunities to exercise this option. If this were to occur, there are several cities where HCA owns multiple hospitals and would have a strong position from which to build a laboratory outreach program.

Two, it positions PAML to be a preferred joint venture partner with HCA. After all, if the marriage works in Utah, that augers well for joint ventures with HCA in other regions of the country.

Three, as this laboratory joint venture unfolds successfully, it will give PAML additional credibility whenever it approaches other hospitals and health systems to engage them in joint venture dis-

cussions. Not that PAML needs more credibility on this front. Over the past decade, it has managed multiple joint ventures with hospitals throughout the Northwest, with impressive financial success in more than one case.

Before any of this happens, however, the new laboratory joint venture must prove its mettle in Salt Lake City. It will be called **MountainStar Clinical Laboratories LLC**. Two of MountainStar's eight hospitals will participate in the joint venture. They are 297-bed **St. Mark's Hospital** of Salt Lake City, Utah and 116-bed **Lakeview Hospital** of Bountiful, Utah. PAML will build the joint venture around its existing laboratory operations in Salt Lake City.

Two elements make this joint venture announcement intriguing. First, it has always been a mystery to THE DARK REPORT as to why HCA never gave more emphasis to laboratory outreach programs, which can be profitable if run effectively. Beyond two large ventures with **MDS Laboratory Services** in the late 1990s, HCA has never made laboratory outreach programs much of a priority. (See *TDR*, April 5th, 2004.)

► Another ICL In The Making?

Two, this may be the "break out deal" for PAML as a desired laboratory joint venture partner with other hospitals and health systems. Not since **International Clinical Laboratories** (ICL) of the mid-1980s has an independent laboratory company managed to establish so many lab joint ventures with different hospitals and keep them running for a decade or longer.