Trends in the Laboratory and Diagnostic Testing Market - Fully Baked 🎂

Hello, and thank you for tuning into Answers from the Lab where we share Mayo Clinic knowledge and advancements on the state of testing and science from laboratory leaders and the people who are making it happen behind the scenes. I'm Dr. Bobby Pritt, interim chair of the Department of Laboratory Medicine and Pathology at Mayo Clinic in Rochester, Minnesota.

With me today is Dr. Bell Maurice, the President and CEO of Mayo Clinic Laboratories. This is our weekly discussion with Dr. Maurice in which we learn about updates in the field of laboratory medicine and pathology. Hi Bell. Welcome back. Hi, Bobby. Good to see you as always. Yes. Can't believe it's almost the end of the summer, but it is.

Oh, don't say that. I'm still holding out for a little bit more of our nice summer days. Uh, well, you've been busy as always traveling, and I understand you just participated in a webinar with the advisory board. I was wondering if you could share some of the highlights about what you discussed. No, I'd love to talk about that.

It was really interesting. I was invited. Typically they don't, they have a, they, they go in deep on a topic in, in, in this case, in healthcare. Um, typically just kind of with some, with someone that's an expert walking them through a lot of data. And what they see is market trends in different areas. This was one, you know, around laboratory and diagnostic testing, and I was, had the privilege of being invited as kind of an expert guest, if you will, to, to, to discuss that with them.

So yeah, it was, it was, it was just a couple weeks ago. It was really interesting. Yeah, and we'll post a link to that, um, so that anyone listening to this podcast can also go and check it out at the source. But I think it'd be great to hit on some of the highlights. I know that you discussed the lab market outlook.

Maybe that's a good place to start. Uh, what do you see in the future for the laboratory testing market? Well, I mean, it's a very, one of the interesting things as they looked at the data is actually there's been a kind of an a drop in some

routine testing, an increase in genetic testing, uh, which is, you know, I guess not the drop in routine testing was a little surprising.

I think some of that's driven still by changes in how patients are accessing care here post COVID. But, you know, I think the outlook is, is just essentially that we're gonna see an increasing. Need for diagnostic testing across the spectrum from the more complex, what we call esoteric testing to the, to the more routine.

We're gonna continue to see growth in, in the need and in demand for testing. But at the same time, in that context, also dealing with some of the other factors that you and I have talked about before. And that is, you know. Medicare trying to control spending. So downward pressure on reimbursement, um, which we'll continue to see.

And then also the, all the things around the regulatory challenges with FDA, which is still sort of out there, but I thought that they, they do a nice job of discussing the reality is that that will increase the burden on diagnostic labs and how the tests that we do, particularly those of us that are more focused on LDTs and how do we accommodate that.

So I think the outlook is strong. But there's still the same complex kind of dynamic that requires that those of us that are providing testing for healthcare have to really think about so that we do a sustainable I agree. Bill, it sounds like some of the big trends, um, in what. You had talked about in, in your discussion was, well, our aging population for one, and that's gonna drive a lot of the testing that's needed, these new and reemerging diseases that we keep having.

And, uh, we'll be talking about MOX, uh, with Dr. Vinegar shortly, uh, because there's some worrisome trends there. And of course we've spoken about H five N one and then also the technology innovations with the genetic. Testing and I, I did a little reading about, um, from the National Council on Aging. They have some great statistics in the United States.

Older Americans are, of course, living longer, healthier overall, living independently for longer. But most older people have at least one chronic health condition. Um, and many people are dealing with multiple chronic health conditions, and it's the big ones that we know of. Heart disease, diabetes, uh, 20% of adults over the age of 65.

I was surprised to see have diabetes and then obesity. Significant cause of morbidity and it's nearly 42% of older Americans over the age of 60 that are

considered obese. And then as we talked about in a recent podcast, dementia. So this is going to drive need for testing that encompasses all of these diseases.

Yeah, well, probably the most sobering about that is I turned 59 in a couple months, so now I'm approaching that threshold of an older American, which, uh, but anyways, um, I, but you don't have any risk for obesity now? You're so active. Not right now. Great. Yeah. As long as I'm chasing those two little dogs around, I think I'm probably safe, but, um, but no, it is, it is very, so stepping back, first of all is, you know, um.

All these factors that you speak to. Right. And I think there's kind of, I almost see sort of two big things going forward. On the one hand in developed nations, um, we'll see an increasing burden of trying to manage an aging population off of a relatively smaller workforce that, that provide the tax basis and other things to support that.

Right. So that means we're gonna be looking at keeping people healthier, keeping them in the workforce longer, all of these sorts of things. And so that's where, as we and I have talked about, like Alzheimer's disease, you know, all those things now are driving. Therapeutic companies to develop effective therapies for these things, which means we have to more accurately diagnose and use innovative testing to think about getting those tests, those tools available.

I mean, and it changes quickly, like you talked about obesity. Think about the GLP one inhibitors that are out there there, like changing overnight, kind of how we approach obesity and how we think about that. Um, the other thing that will be interesting to follow. For me, so we'll see a lot of innovation and tests in the laboratory, which we'll have to think about and think and, and really be good stewards about how to best use those to address the, the, the, the pressing issues around like aging.

The others that as people age. There'll be people like me who probably are more comfortable with technology than may be previous generations. So a lot of what we talked about at the advisory board was this trend towards digitization. I, we talk a lot about digital path, which is important, but the reality is, you know, wearables and using, using other kind of data to manage chronic diseases with people that are willing to engage around, you know, data from their watch or something else actually going into healthcare and guiding when they get additional testing.

I think it's something we're really gonna see. C grow over the next several years because it's really the best way to tap expenses is to use that kind of technology to control when people access care, to make sure they're accessing care and getting testing when the additional testing, when they really need it.

That's all the Western or the, when I say the developed, when developed healthcare economies, but on the backdrop of that is exactly what you mentioned. H five N one Monkeypox. Mm-hmm. Um, we're gonna see in the continued need post COVID. With the trends around climate change and you and I've talked about and just a global society, how do we continue to increase diagnostics around emerging diseases too?

And many of those are areas with a less developed healthcare ecosystem or economy. So I think those are gonna be true. The big macro issues that we see, testing for managing chronic conditions in a way that's effective and keeps people healthier longer, and develop nations at the same time in increasing testing that allows us to, uh, detect emerging diseases, uh, that will continue to impact the globe.

Yeah, I like what you said a lot too about wearables and I think that our population is much more amenable to wearing something on their wrist. I actually got to spend a couple hours in my uh, uh, local store trying to get a new phone this weekend, 'cause I dropped my old one too many times and. All of the people coming in, getting new watches and they wanted all the gizmos, they wanted their EKG to be monitored.

They wanted their heart rate and it was very popular. So I think more wearables that are consumer friendly are gonna be used, uh, now. On the other hand, we have all these new tests coming out that are gonna be very expensive, and Medicare spending is expected to increase almost 8% each year up to 2030. So we're really gonna have to look at, uh, appropriate and effective use of some of these new tests that are coming out and make sure that we keep healthcare spending in under control.

Yep. And I think the flip side of that is, and you know, again, going back to our consistent theme of staying engaged, it's like the reality is that yes, Medicare spending is gonna go up. And we've talked a lot about PAMA and that's still out there. And, you know, the, the proposed cuts to reimbursement to labs, labs are still less than 5% of the total Health Medicare spend.

Right. So, but yet they drive so many decisions. So it's more than just. You know, worrying about getting paid, but actually creating the, the argument for.

Increased investment in diagnostics, which will save healthcare overall. Right. So, and using the tools that are out there, I think that's one of the things that, you know, that was in the advisory board was a sense that there's gonna be fewer and fewer kind of companies that are pro, you know, providing diagnostics and, and, and organizations, I should say, that are providing diagnostics.

Because that's typically what you anticipate when there's downward pressure on reimbursement is that they'll force consolidation. We're seeing some of that, but the reality is. There's so many different avenues by which diagnostics provide care. I think there'll, there's always gonna be a a, a lot of different hospitals and healthcare organizations involved, but that's where we have to really change.

We are in healthcare. The MO best position to make the arguments about where investments in diagnostics will actually help save. Lives and improve healthcare efficiency overall. You know, going back to even COVID and all the challenges with COVID testing being around access to testing, right? That was just needed overnight.

So I think that's the flip side of it, is thinking about that and being good. We have to advocate for ourselves because when you bring up Medicare, I think about just. Even this year, it goes back to budget reconciliation and keeping spending at zero, which means they just figure out where they're gonna cut.

And that's where we have to think about, you know, helping the government to understand where they should spend because the return will be higher. Right. Yeah. Well you mentioned investments and the importance of that and, and sometimes you have to make an investment to have more efficient healthcare provision and perhaps even lower costs.

I think of digital pathology. As the perfect example of that, and I know that was something you had spoken about, uh, with the advisor group, uh, for an opportunity for growth. Do you wanna just comment on the opportunities you see there? Yeah, I mean, you know, it's. It's gonna, it's, it's a very interesting one, right?

Because one of the challenges we have in healthcare, and you and I have talked about this before, it's different than most other industries where innovation in a lot of industry actually cuts out costs. Whereas innovation in healthcare, and that's not just in the labs, tends to increase costs. Right? And that's part of the challenge that we have.

Digital pathology a great example. It's a significant financial lift to invest in digitizing your practice because it doesn't reduce any work. It adds additional work to take a glass slide and put it into a digital environment, so you have to focus on the return. The return is more accurate diagnosis for patients.

The return is greater efficiency on a shrinking workforce of pathologists that will increase access. Do we have to think about how you use digital pathology in a system approach to actually improve? Performance for patients, whether it's financial or accuracy or otherwise. And it is interesting 'cause it does appear now that a lot of the value in digital pathology is either through the use of algorithms and tools to help support diagnosis or through networking.

A lot of accurate histopathology diagnosis is just getting the right slide or the right image in this case to the right. Expert. So me getting a lymph node for a lymphoma is great. You getting a lymph node to look for a pathogen, like a cat scratch disease, you know, so it's different. And so I think that's the promise of digital pathology.

We're near a tipping point, and that's where you have to watch, because if you go too early, you'll have a hard time getting that return. But if you go too late, I do believe that. For all of this, whether it's someone that's running a clinic, high throughput clinical laboratory, or a pathologist in their office, we're gonna move to the period where those people who use the tools, whether it's like understanding wearables and how it drives volumes in your lab, or understanding digital pathology, how it drives efficiency and actually diagnosis.

Those will be the individuals and the groups that will really take. Will take the future of laboratory medicine. Those that do not will over time dwindle because they just will struggle to, to, to, to participate. So yeah, I think that that's a great example. Yes. Well, you know, there's a, a well-known saying that AI will not replace us, but we will be replaced by people who use ai.

If we do not use ai. Um, as we see these systems evolve, my laboratory, we've seen great efficiencies. I agree. The cost is about the same. We had to purchase a scanner and a software system, but now we. Can handle a much higher volume, we're more efficient and we have more positive results, increase sensitivity.

So at the end of all of everything, it was a win. But you have to look in the, the overall scope of the whole healthcare system. Yep. I think that's the two things that I would say is from a leadership perspective, um. You need vision, people

like you that can paint the vision of that future state and and how it creates value for our patients, right?

Because there's a whole change piece in the lab as well as outside the lab. And then the other, my favorite adage then with that in mind is, the best way to predict the future is to create it. So we can't stand on the sideline. We need to embrace the challenges, but we have to embrace those challenges.

Understanding and I look, and I think that's what's nice about that, that webinar, it was a, you know, they did a lot of work, the advisory group in collecting a lot of really good content and data. And it's very helpful to look at that because anything that we do has to be in the context of where we live today.

So I think understanding that future state we're getting towards, but also understanding the challenges that we confront today and where we need to have a voice then becomes critical. Yeah. Very well said, and I really appreciate getting the highlights of your webinar. And as I mentioned, we'll put the link in, uh, with our podcast so people can, uh, listen to the entire thing, but really appreciate the behind the scenes and the discussion of the highlights and the outlook and trends.

So as always, bill, thank you for, um, a great conversation. Look forward to many more. I appreciate your thoughtful leading of the conversation, so it's, it's served us well here over the years. It's great. Absolutely. Alright. Until next week. See you later. Until next week, we'll see ya. Thank you so much for tuning into answers from the Lab.

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