

## Myriad Genetics Inc.

### CMS Rate for BRCA Changed Once Again; This Time Positive for Myriad - ALERT

This afternoon, CMS updated the Gapfill inquiry page to adjust the pricing cut to BRCA testing (test code 81211) following an extended comment period. As a reminder, the initial cut made in December was for the BRCA rate to be cut significantly from \$2,795.09 to \$1,438.14 for 2014 (a cut of 49%), but CMS then allowed for an additional public commentary period through February 28th. Today, CMS officially updated the median price for BRCA to \$2,183.50 (explanation found [here](#)). While this updated rate is still a 22% cut to BRCA testing y/y, and brings *significant decremental margins*, we view the update positively for MYGN relative to expectations, as it is an improvement from the larger cut that was communicated previously. The updated price is effective as of April 1 and the key information from the price revision is below:

- **Key piece of update.** Taken from the CMS update page: “COMMENT: CMS did not have complete data that represented current market pricing when establishing the NLA for CPT code 81211 in November. RESPONSE: The gapfill process relies on prices reported by the contractors as described in the regulations at 42 C.F.R. part 414, subpart G. The prices in the November 2013 file were based on information current at that time. We have numerous data from our contractors that test prices at that time ranged from \$995 to \$2,800. We based the median price on the information reported by the contractors. During the two subsequent comment periods in 2014, three Medicare contractors provided additional information that they had received data indicating that the prices for CPT code 81211 ranged from \$2,000 to \$2,500. Based on the available information, including the information submitted by contractors during the comment periods, we are revising the median price for CPT code 81211 to \$2,200.00 (applying the -.75 update factor will result in the new NLA, effective April 1, 2014).”

## Underweight

MYGN, MYGN US

Price: \$35.15

01 April 2014

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### Life Science Tools & Diagnostics

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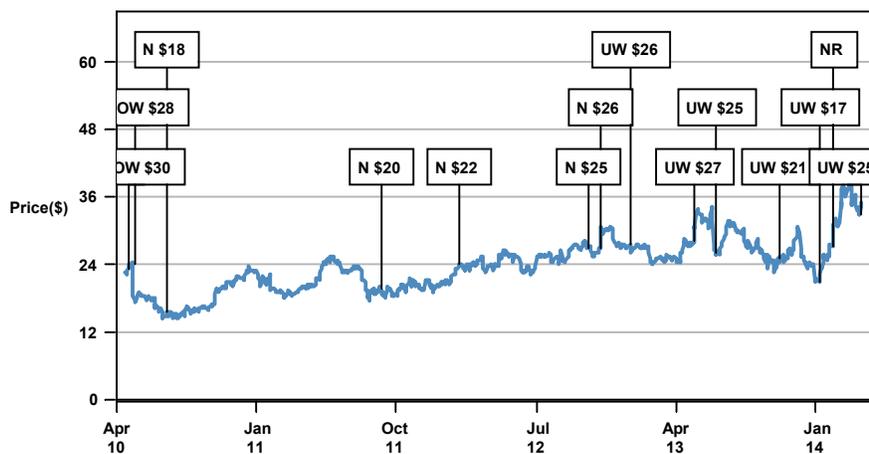
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Myriad Genetics Inc. (MYGN, MYGN US) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
26-Apr-10	OW	23.31	30.00
05-May-10	OW	24.08	28.00
09-Jul-10	N	15.70	18.00
01-Sep-11	N	19.83	20.00
01-Feb-12	N	23.97	22.00
10-Oct-12	N	27.03	25.00
05-Nov-12	N	26.85	26.00
03-Jan-13	UW	27.68	26.00
07-May-13	UW	28.30	27.00
20-Jun-13	UW	26.18	25.00
21-Oct-13	UW	24.99	21.00
07-Jan-14	UW	21.05	17.00
04-Feb-14	NR	27.42	--
31-Mar-14	UW	32.87	25.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.  
Break in coverage Feb 04, 2014 - Mar 31, 2014.

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.

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