

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of  
1934

November 21, 1996

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(Date of earliest event reported)

LABORATORY CORPORATION OF AMERICA HOLDINGS

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(Exact name of registrant as specified in its charter)

Delaware	1-11353	13-3757370
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(State or other jurisdiction or organization)	(Commission File Number)	(IRS Employer Identification Number)

358 South Main Street, Burlington, North Carolina 27215

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(Address of principal executive offices)

910-229-1127

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(Registrant's telephone number, including area code)

## Item 5. Other Events

On November 21, 1996, the Company issued a press release announcing that it has agreed to pay the U.S. government \$187 million to conclude previously disclosed federal investigations into the prior billing practices of companies that merged to form the Company in 1995. The press release is attached as an exhibit hereto and the text thereof is incorporated in its entirety herein by reference.



Item 7. Financial Statements, Pro Forma Financial  
Information and Exhibits

(c) Exhibits

- 10 Press release of the Registrant dated November 21,  
1996.



SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LABORATORY CORPORATION OF AMERICA HOLDINGS

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(Registrant)

By:/s/ BRADFORD T. SMITH

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Bradford T. Smith  
Executive Vice President, General  
Counsel and Secretary

Date: November 21, 1996







FOR IMMEDIATE RELEASE

Contacts: Pam Sherry (910)584-5171  
Ext.6768  
Walter Montgomery (212)484-6721

LABORATORY CORPORATION OF AMERICA  
ANNOUNCES SETTLEMENT WITH U.S. GOVERNMENT

Company To 'Close the Door on Past Billing Issues'  
By Resolving Medicare and Related Government Billing Matters  
Tied to 1993 Inquiries Involving Clinical Laboratory Industry

Settlement Is Industry's First Global Settlement  
Related to 1993 Inquiries

Burlington, NC, November 21, 1996 --- Laboratory Corporation of America Holdings (LabCorp) (NYSE:LH) today announced that it has agreed to pay the U.S. government \$187 million to conclude previously disclosed federal investigations, initiated in 1993, into the prior billing practices of companies that merged to form LabCorp in 1995. The federal investigations have encompassed billing practices in the clinical laboratory industry as a whole, including predecessor companies of LabCorp, and have focused on the medical necessity of certain laboratory tests billed to Medicare and other third-party payors.

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## Settlement Is Industry's First Global Settlement

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LabCorp, which cooperated fully with federal authorities throughout the course of these investigations, is the first clinical laboratory company to reach a global settlement with the government that completely resolves all outstanding issues related to the investigations.

Commenting on the settlement, Dr. James B. Powell, President and Chief Executive Officer, stated: "This action firmly closes the door on past issues of law and regulation involving industry-wide billing practices related to the investigations. It allows us to refocus on building for the future of this Company. To help speedily resolve the related third-party payor billing issues that have preoccupied so many in this industry, we have decided to put behind us government assertions concerning the past billing practices of any component of our business. As a result of this settlement, LabCorp will continue as a service provider to Medicare and other government patients."

He added: "We have cooperated fully with the government over the past three years and have achieved considerable progress in putting a comprehensive, highly detailed compliance program into effect. We will continue to work closely with regulators in fine-tuning this compliance assurance system by swiftly integrating the new features that are part of this settlement. These steps affirm our long-standing commitment to maintain the highest standards of compliance and quality in every aspect of our operations. Going forward, we believe that this settlement reflects a new emphasis on cooperation with the government that will help forestall any reoccurrence of these billing issues."

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The government's investigations covered billings for certain tests performed as part of the chemistry profiles of LabCorp's various predecessor companies from 1988 to 1994. These tests were deemed by regulators to be medically unnecessary. The investigations were part of a broad-based federal inquiry into Medicare and related billings that have resulted in financial settlements with a number of other clinical laboratories. The inquiries have also prompted the imposition of more stringent regulatory compliance requirements industry-wide.

Under the terms of the settlement, the Company agreed to pay \$182 million to settle civil claims involving Medicare and related government billings performed by LabCorp's predecessor companies: National Health Laboratories Incorporated (NHL), Roche Biomedical Laboratories, Inc. (RBL) and Allied Clinical Laboratories, Inc.

As part of the overall settlement, a San Diego laboratory that was formerly part of Allied agreed to plead guilty to a charge of filing a false claim with Medicare and Medicaid in 1991. The San Diego laboratory was sold by Allied in 1992, two years before Allied was acquired by NHL in 1994 (as a result of this sale, Allied accepted a successor obligation to indemnify the San Diego laboratory for outstanding liabilities --- an obligation LabCorp later assumed). NHL's parent merged with RBL to form LabCorp in 1995. The violation involved a bill from that former Allied laboratory to the government for an HDL-cholesterol test requested by a physician for an AIDS patient. In connection with this, Allied agreed to pay a \$5 million fine.

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In all, the Company will pay the government \$5 million during the fourth quarter ending December 31, 1996, and pay another \$182 million during the quarter ending March 31, 1997. The Company took a special pre-tax charge to earnings of \$185 million, or approximately \$1.19 per share, during the quarter ended September 30, 1996, to increase reserves to cover costs relating to the government settlement and anticipated private claims.

Company 'Well Positioned To Fulfill Strategy'

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Summing up, Dr. Powell said: "Our expeditious settlement with the government and our work on recapitalizing the Company will contribute significantly to LabCorp's favorable outlook in today's challenging health care environment. We are well positioned to execute our strategy of growing a more profitable revenue base by increasing our hospital affiliations, other strategic alliances and esoteric laboratory capabilities. Our synergy savings program remains on schedule, and there are other cost-cutting efforts under way, as well. At the same time, we remain focused on implementing more-effective ways to meet third-party payors' more stringent medical necessity and diagnosis coding requirements."

The Company notes that each of the above forward-looking statements is subject to change based on various important factors, including (without limitation) competitive actions in the marketplace and adverse actions of governmental and other third-party payors. Further information on potential factors that could affect the Company's financial results is included in the Company's Form 10-K for the year ended December 31, 1995.

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Laboratory Corporation of America Holdings (LabCorp) is a national clinical laboratory organization with estimated annualized revenues of \$1.6 billion. The Company operates primary testing facilities nationally, offering more than 1,700 different clinical assays, from routine blood analysis to more sophisticated technologies. LabCorp performs diagnostic tests for physicians, managed care organizations, hospitals, clinics, long-term care facilities, industrial companies and other clinical laboratories.

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