

California to establish massive coronavirus test lab to expand capacity, lower costs

By Victoria Colliver

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OAKLAND — Gov. Gavin Newsom announced Wednesday that California is contracting with diagnostics company PerkinElmer to establish a massive laboratory in the state that will be capable of running up to 150,000 tests a day for Covid-19 and the flu.

State leaders called the deal a "game changer" designed to overcome supply chain problems and cost issues that have hampered efforts in the nation's most populous state to conduct and process enough coronavirus tests to control disease spread.

The approach would more than double California's testing capacity and produce quicker results at less than a third of the current price per test.

"We are now moving forward in a different direction to disrupt the market," Newsom said Wednesday during a press briefing.

Facing a "twindemic" of Covid-19 and flu this fall, Newsom highlighted the need to amp up the state's testing capacity — now at about 100,000 tests per day — in announcing the partnership with PerkinElmer to process up to an additional 150,000 coronavirus tests a day, with a turnaround time of less than 48 hours.

Testing for flu and Covid-19 simultaneously could serve as a model for other states as the nation heads toward fall and the start of flu season. That double threat has concerned public health officials about capacity to respond to either disease.

The state plans to set up a laboratory and begin processing tens of thousands of additional tests by Nov. 1 — and run at full capacity no later than March 1.

The governor and health officials have regularly pointed to wide-scale testing capacity as a critical tool to control the virus by giving health officials accurate results and allowing contact tracers to ascertain where infections are spreading. But shortages in tests and key components, as well as increased demand, have led to processing delays averaging five to seven days. That hampers the effectiveness of testing.

Under the deal, PerkinElmer will produce 40,000 tests at a cost of \$47.99 per test; that per-test price falls to \$30.78 at 150,000 based on a volume discount. Newsom said tests currently average \$150-200 per test, while Medicare and Medicaid reimburse at \$100 per test.

Newsom said the state is using market power to combat global supply chain challenges, adding "this is exactly what the federal government should be doing." He said dropping the cost is essential and that current test prices are "simply not sustainable."

Under the contract, the state will utilize polymerase chain reaction (PCR) diagnostic testing, considered to be the gold standard in testing. The contract includes provisions that enable the contractor to adopt new technology at a lower price point.