Guillermo Villarmarzo and Gabriela Villarmarzo In-House Legal Counselor and Chief Compliance Officer, HRP Labs, Puerto Rico



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22.11.2019

Tags: Puerto Rico, Laboratory, Research, CRO

HRP Labs, the largest operator of pathology and specialized laboratories in Puerto Rico, is leading the way in the post-Hurricane Maria industry. Guillermo Villarmarzo, in-house legal counselor, and Gabriela Villarmarzo, chief compliance officer, discuss the company's strategy to continue serving Puerto Rico's healthcare system in benefit of the patients and build on a 50-year history.

They say that pathology is the bridge between science and medicine. In what sense is HRP the bridge between the healthcare industry and the well-being of patients?

Guillermo Villarmarzo (GUV): Any kind of patient treatment has to begin with an assessment and a diagnostic. Pathology and laboratory medicine, including clinical lab testing, are the gateway for the medical community to receive that first tool to perform a proper evaluation of patients and successfully treat them. But they have to do it in an economically viable way, and we are looking at a healthcare system that is struggling to accomplish that objective. That is where HRP Labs has a role to play. The more accurate and timelier a diagnosis is, the less money it costs the payer and better care for the patient is achieved.

HRP Labs is a family-owned business but how did it transform into what it is today?

GUV: The company started back in the 1960's under Dr. Rafael Ramirez, who founded a company that later became HRP Labs. Dr. Ramirez started offering pathology services through his clinical lab to one hospital, which is still in our portfolio today, and after many years, my father began working with him in a medical partnership. That is when HRP Labs got his current name. The company has been around for over 50 years but the Villarmarzo family first became involved in 1989. When Dr. Ramirez was ready to retire as partner, HRP became a corporate entity. We started looking at different opportunities to grow the business and decided to expand. It was about economics, necessity and cost-effectiveness. Those are the factors that are still part of our identity as a health services provider. We have the largest number of samples, the highest number of pathologists and employees, and the most locations. But the growth we have seen in the last decade would not have been possible without the people that work here.

The company says that among many in the healthcare sector it has the reputation as the best full-service laboratory in the region. Why do you believe HRP is the best full-service lab in Puerto Rico?

GUV: When it comes to healthcare, it is good to let the numbers speak for themselves. With more than 50 years providing services we have the advantage of learning from our vast experience. Also, the medical staff involved with HRP stands out from the rest in Puerto Rico. We have 20 pathologists under contract, with the last one joining last week. Out of those 20, we have nine subspecialists. That last part is key because healthcare is an industry that is getting more complex by the day. Doctors are now specialized and want the diagnostics to be performed by another doctor that is subspecialized in the field. HRP Labs' medical staff has a deep understanding of pathology and the needs of the local community. For example, the Gastrointestinal pathology area, which is a strong part of our company, depends on the quality and speed of the pathology report. Another division that's a strong part of our institution is the Hematopathology division which deals with extremely rare cases that certainly need a subspecialist pathologist to assess each case, perform the adequate tests and provide a precise diagnosis that can save a patient's life. Hospitals and doctors have seen the efficacy of subspecialized diagnostics. HRP is definitively a full-service laboratory that not only offers subspecialized pathology services, but also clinical laboratory testing.

What does full-service mean in that context, what are the main services you provide that others can't?

Gabriela Villarmarzo (GAV): When you talk about full-service laboratories, you need to understand the categories: there are clinical labs and anatomical pathology labs. Within those, you then have subcategories like immunopathology testing, molecular pathology, genetic testing and cytology. Throughout the years, as part of our commitment with the medical community and patients, we have established all these divisions of specialized services by hiring and contracting the key technical and medical staff that can ensure that such services are provided with the best quality. As a result, we can provide the medical community with an array of specialized testing and diagnostics services that others may not have the resources to do. Fine Needle Aspiration Cytology (FNAC) is one of our areas of expertise. Five of our 20 pathologists are subspecialized in that area. They perform the biopsies themselves, which means that the person that will be looking and analyzing the sample is the one that saw the patient, made an assessment and performed the biopsy. FNAC differentiates HRP Labs from the rest, since we have the greatest years of experience and prestige in that area. The clinics are under the supervision of Dr. Guillermo Villarmarzo, our president and one of the pioneers of the FNA technique in Puerto Rico who has also trained most of the pathologists that do it in the island.

How does HRP Labs compare in terms of quality, turnaround time, technology and cost?

GUV: If you talk to the hospitals and private practices that work with us, they would tell you that HRP Labs has the best turnaround time. We have the backing of more than 200 employees and 20 pathologists that are able to assist them at every step of the way.

GAV: We have a quality assurance program and a compliance committee that works extensively to guarantee the best quality and cost-effective services. Our commitment has always been to provide a precise and timely diagnosis without affecting the quality of the services.

HRP clearly has consolidated as one of the leaders in the industry in Puerto Rico, but the island can only offer so much in terms of demand. Do you have a plan to expand and conquer new markets?

GUV: We are open to expansion opportunities and have been looking at them. There are many incentives in Puerto Rico to export services. Also, being part of the United States, we work within the American medical system. That keeps the door open for us in other markets. However, at this point, our services have a high demand in Puerto Rico, and we strive to give the island the best available service. Before you start expanding, you must ensure that the local market is taken care of; the Puerto Rican market is still underserved. In this industry, it is hard not to be influenced by smoke and mirrors, there is incredibly powerful new technology out there, but it is not relevant to the current medical practices in Puerto Rico. It may become necessary in the future, but we have to wait for the health care industry to advance first.

One important element of your business model is that you only serve private practices, medical center and hospitals. Is the company considering broadening its reach and offer lab services to other entities like pharma companies?

GUV: We are more than willing to partner with the industry or public sector on research projects. Any project that has the patients in mind and wants to improve the healthcare system has HRP's doors open. We have done it in the past and will do it in the future.

GAV: We currently perform molecular tests that look at genetic markers performed from the patient's tumors. The diagnosis will reveal how the tumor is going to react to different types of treatments, that way, doctors and patients do not have to waste time and money with treatments that will not succeed or even that could harm the patient. With this type of testing we contribute to what is called in the industry personalized medicine, where we not only analyze a tissue sample but perform the medically necessary testing so that the patient gets the proper treatment based on his/her disease/ tumor's genetically composition.

What can you tell us about the insurance-based system in the US compares to a single payer system of most developed countries?

GUV: I do not believe that any of the two options are perfect, it all depends on the execution. Single payer would guarantee universal coverage, while probably making the system less efficient. On the other hand, the main benefit of not having a single-payer system is that the competition among the private sector provokes a need to improve and innovate, but the price of healthcare could end up being higher for the system. As you can see, both of them have advantages and

disadvantages. Healthcare is currently the most important topic being discussed in one of the two major political party's primary debates; we will have to wait and see what the government decides.

What is your message to companies abroad about HRP's services and Puerto Rico as an attractive place to invest?

GUV: HRP has decades of experience working within a complex system that has been affected by a challenging economic atmosphere; we have succeeded in this environment. We know how to look for alternatives and anybody interested in a diagnostic laboratory could benefit from our services. Puerto Rico offers many incentives that would allow us to make cost-effective diagnostics for industries all around the world. My message is that the island has a huge research capacity, with a well-trained medical community eager to become part of the development of new and better treatments for patients around the world. Our population, majority Hispanic, is the perfect testing ground for any studies aimed at researching that specific population.

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