September 25, 2017

Veracyte Announces Release of 2018 Preliminary Reimbursement Rate for Afirma Genomic Classifier Under PAMA

SOUTH SAN FRANCISCO, Calif.--(BUSINESS WIRE)-- Veracyte, Inc. (NASDAQ: VCYT) today announced that the Centers for Medicare & Medicaid Services (CMS) published preliminary 2018 rates for clinical diagnostic laboratory tests. The reimbursement rate for the Afirma Genomic Classifier (code 81545) is expected to increase from $3,220 to $3,600 for calendar year 2018. The preliminary rate is based on the median of private payer payments submitted by Veracyte as part of the market-based payment reforms mandated through the Protecting Access to Medicare Act of 2014 (PAMA). The CMS plans to finalize the rates in November 2017, following a public comment period, and the new rates are scheduled to become effective January 1, 2018.

"We believe this new rate for the Afirma classifier reflects the value our test delivers to physicians and patients by reducing unnecessary thyroid surgeries and associated healthcare costs," stated Bonnie Anderson, chairman and chief executive officer of Veracyte. "We are pleased that CMS is moving forward with implementation of PAMA following the original delays to ensure smooth data submission."

About PAMA

On June 17, 2016, CMS released a final rule implementing Section 216(a) of the Protecting Access to Medicare Act of 2014 (PAMA), requiring laboratories performing clinical diagnostic laboratory tests to report the amounts paid by private insurers for laboratory tests. CMS indicated that it would calculate the weighted median of these private insurer rates to determine Medicare payment rates for laboratory tests paid under the Clinical Laboratory Fee Schedule (CLFS) beginning January 1, 2018. (CMS extended the original date of January 1, 2017 to provide time for laboratories to establish necessary reporting infrastructure.) Laboratories were required to collect private payer data from January 1, 2016 through June 30, 2016 and report it to CMS by May 30, 2017. These rates were used to calculate Medicare payment rates for advanced laboratory diagnostic tests (ADLTs). Preliminary rates were published on September 22, 2017. CMS plans to finalize the rates in November 2017, following a public comment period, and the new rates are scheduled to become effective January 1, 2018.

About Veracyte

Veracyte (NASDAQ: VCYT) is a leading genomic diagnostics company that is fundamentally improving patient care by resolving diagnostic uncertainty with evidence that is trustworthy and actionable. The company's products uniquely combine genomic technology, clinical science and machine learning to provide answers that give physicians and patients a clear path forward without risky, costly surgery that is often unnecessary. Since its founding in 2008, Veracyte has commercialized three genomic classifiers, which are transforming the diagnosis of thyroid cancer, lung cancer and idiopathic pulmonary fibrosis and collectively target a $2 billion market opportunity. Veracyte is based in South San Francisco, California. For more information, please visit www.veracyte.com and follow the company on Twitter (@veracyte).

Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "believe," "plans," "preliminary," and similar references to future periods. Forward-looking statements include, among others, the amount of the rate, the timing of the proposed increase, and the company's belief that the new rates reflect the value of the company's test to physicians and payers. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, anticipated events and trends, the economy and other future conditions. Forward-looking statements involve risks and uncertainties, which could cause actual results to differ materially, and reported results should not be considered as an indication of future performance. These risks and uncertainties include, but are not limited to: the final reimbursement rate for our test, our ability to successfully achieve and maintain adoption of and reimbursement for our products; and other risks set forth in the company's filings with the Securities and Exchange Commission, including the risks set forth in the company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. These forward-looking statements speak only as of the date hereof and Veracyte specifically disclaims any obligation to update these forward-looking statements.

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