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Via e-mail: [OHRMedicaidCommittee@ohiohouse.gov](mailto:OHRMedicaidCommittee@ohiohouse.gov)

The Honorable Jennifer Gross, Chair  
House Medicaid Committee  
Ohio House of Representatives  
77 S. High St  
Columbus, OH 43215

**Re: Request for Medicaid Rate Increase for Laboratory Services in the FY 2026-2027 Budget**

Dear Chair Gross and Members of the House Medicaid Committee:

Labcorp, a global leader in life sciences, is committed to advancing healthcare for Ohioans. Our laboratory services serve as the starting point of medical care—without laboratory testing, there is no diagnosis, no treatment plan, and for many patients suffering from debilitating diseases, no hope of finding the right treatment. Each day, our frontline laboratory professionals serve tens of thousands of Ohio patients, ensuring timely and accurate diagnostic information that informs clinical decision-making and enables effective medical interventions.

Today, I urge the Committee to ensure that Ohio Medicaid provides full and appropriate funding for laboratory services in the FY 2026-2027 budget by increasing Medicaid reimbursement rates for diagnostic testing. Without this action, Ohio's most vulnerable residents—Medicaid patients—will face longer wait times, limited access to care, and potential delays in life-saving diagnoses.

**The Impact of Inadequate Medicaid Reimbursement for Laboratory Services**

In 2018, Ohio Medicaid reduced laboratory reimbursement rates from 80% of Medicare to 75%, and despite a rate adjustment in 2023, laboratory services were excluded from that increase. Ohio's

reimbursement rate remains among the lowest in the region and well below the national average of 88%:

<b>Medicaid Reimbursement Rates in Ohio &amp; Neighboring States (%) *</b>	
<b>Ohio (75%)</b>	<b>Pennsylvania (92%)</b>
<b>West Virginia (89%)</b>	<b>Kentucky (100%)</b>
<b>Michigan (82%)</b>	<b>Indiana (96%)</b>

*\* Rates rounded to the nearest whole number and based on 2024 fall rates.*

### **Consequences of Lower Reimbursement Rates**

The current Ohio Medicaid reimbursement disparity adversely affects laboratory services in Ohio, impacting provider participation, access to care, and health outcomes, while also contributing to long-term costs:

1. **Provider Participation.** Lower reimbursement rates deter provider participation in Medicaid programs, reducing patient access to diagnostic services. States with higher Medicaid reimbursement rates are likely to experience increased provider participation. A study examining Medicaid fee increases in relation to primary care services found that higher reimbursement rates led to improved provider availability and reduced instances of providers declining Medicaid patients.<sup>1</sup> Ohio's reimbursement rate trails the national average and consequentially creates a risk for reduced provider participation, and the potential to unintentionally limit patient access to laboratory services.
2. **Access to Care.** Ohio's Medicaid patients are at increased risk of longer wait times and delayed access to critical diagnostic services as the reimbursement rate remains below the national average. Research indicates that states offering more competitive reimbursement rates also have better access to essential diagnostic services.<sup>2</sup> Without proper adjustments,

<sup>1</sup> Polsky, D., Richards, M., Bassey, S., et al. (2015). *Appointment availability after increases in Medicaid payments for primary care*. New England Journal of Medicine, 372(6), 537-545. <https://doi.org/10.1056/NEJMsa1413299>

<sup>2</sup> Alexander, D. E., & Schnell, M. (2024). The impacts of physician payments on patient access, use, and health. American Economic Journal: Applied Economics, 16(3), 142-177. <https://doi.org/10.3386/w26095>

access to laboratory services in Ohio may continue to be compromised, leading to delays in diagnosis and treatment.

3. **Health Outcomes and Long-Term Costs.** When Medicaid reimbursement rates are insufficient, providers are disincentivized from participating, leaving fewer providers to serve Medicaid patients. With limited provider availability, patients face delays in receiving necessary diagnostic services, such as laboratory tests, which can result in late or missed diagnoses. These delays may worsen medical conditions that could have been managed more effectively with timely intervention. As a result, healthcare costs necessarily rise due to the need for more intensive, long-term treatments that could have been avoided with earlier diagnosis. A more competitive reimbursement rate enables Ohio Medicaid to attract and retain providers, ensuring patients have more options for diagnostic services and reducing the risk for critical delays in care.

Addressing these reimbursement disparities is central to ensuring that laboratory services remain accessible to Ohio's Medicaid population. Without action to adjust rates, these risks may have long-term, adverse effects on Ohio's Medicaid services.

### **The Need for Parity with Medicare Rates**

In order to ensure access to laboratory services and sustain provider participation, Labcorp recommends that Ohio Medicaid rates be increased to achieve **100% parity with Medicare**. States like Kentucky, North Carolina, Nebraska, and Minnesota have already achieved this level, resulting in stronger healthcare access and provider retention. Achieving parity in reimbursement rates will help safeguard the availability of laboratory services to Ohio's Medicaid population. However, if 100% parity cannot be achieved—**at a minimum Ohio should aim to reach the national Medicaid reimbursement average of 88%**, which would represent a 13% increase from the current Ohio Medicaid rate. An adjustment is necessary to align Ohio with national standards.

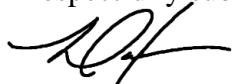
### **Recommended Action**

As the Committee considers Medicaid funding priorities for the FY 2026-2027 budget, Labcorp urges the inclusion of an increase in reimbursement rates for laboratory services. Without

this necessary investment, Ohio Medicaid patients will face reduced access to diagnostic care, poorer health outcomes, and greater long-term healthcare costs.

Thank you for your time and attention to this critical issue. Labcorp is prepared to work with the Committee to ensure that laboratory services continue to play their vital role in Ohio's healthcare system.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. Lynch', with a stylized flourish at the end.

**Daton A. Lynch**

Director, State Government Relations & Public Policy  
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