



www.lsc.ohio.gov

# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 387  
136<sup>th</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsor:** Sen. Blessing

Jason Hoskins, Attorney

### SUMMARY

- Requires the Department of Medicaid to include medically necessary pharmacogenomic testing in the Medicaid care management system.
- Permits a Medicaid managed care organization (MCO) to impose prior authorization requirements for pharmacogenomic testing.
- Authorizes the Department to take specified actions against a Medicaid MCO that violates the bill's provisions and requires the Department to establish a process for enrollees, prescribers, and laboratories to report instances of noncompliance.

### DETAILED ANALYSIS

#### Coverage of pharmacogenomic testing

##### Medical necessity

Pharmacogenomic testing refers to laboratory genetic testing, including single-gene and multi-gene panel testing, that is conducted to evaluate how an individual's genetic profile may impact the efficacy, safety, or toxicity of a prescribed drug, including drugs that are prescribed for the treatment of mental or behavioral health conditions.<sup>1</sup> The bill requires the Department of Medicaid to include medically necessary pharmacogenomic testing within the care management system of the Medicaid program. Under the bill, pharmacogenomic testing is considered medically necessary if it satisfies the following:<sup>2</sup>

---

<sup>1</sup> R.C. 5167.124(A).

<sup>2</sup> R.C. 5167.124(B).

- The testing is ordered by a treating prescriber of a Medicaid enrollee who has been diagnosed with depression or anxiety.
- A treating prescriber is considering a medication change, dose adjustment, or augmentation for a Medicaid enrollee, and the drug or drugs under consideration have a known gene-drug interaction. For a multi-gene panel, the testing is considered medically necessary if more than one gene on the panel has a known gene-drug interaction for the drug or drugs under consideration or if multiple drugs under consideration have different relevant gene interactions.
- The test is covered by the Medicare program under a local coverage determination issued by a Medicare administrative contractor.

### **Prior authorization**

A Medicaid MCO required to cover pharmacogenomic testing under the bill may impose prior authorization requirements concerning that testing. If the Medicaid MCO does impose prior authorization requirements, the requirements must provide a clear and meaningful pathway to coverage and ensure timely testing for Medicaid enrollees for whom pharmacogenomic testing is considered medically necessary.<sup>3</sup> Prior authorization requirements must also require only the minimum amount of documentation from a treating prescriber that is necessary to confirm that pharmacogenomic testing is medically necessary.<sup>4</sup> Additionally, prior authorization requirements must allow for a 30-day authorization window following specimen collection for the submission of authorization requests and claims related to the testing.<sup>5</sup> Related to prior authorization requirements, the bill provides that a laboratory test requisition form is considered part of the medical record and only in instances where a requisition form is missing information should additional clinical notes or medical records be required.<sup>6</sup>

The bill specifies that any prior authorization requirements that are established must not create undue administrative burdens or delays that create barriers to care for Medicaid enrollees for whom pharmacogenomic testing is medically necessary.<sup>7</sup> The Department must periodically review and monitor prior authorization requirements and may require a Medicaid MCO to take corrective action if the Department determines that established prior authorization requirements are overly restrictive or inconsistent with the bill.<sup>8</sup>

### **Compliance and penalties**

The bill requires each Medicaid MCO to comply with the requirements regarding coverage of pharmacogenomic testing for Medicaid enrollees. If a Medicaid MCO fails to comply with the

---

<sup>3</sup> R.C. 5167.124(C)(1)(a).

<sup>4</sup> R.C. 5167.124(C)(1)(b).

<sup>5</sup> R.C. 5167.124(C)(1)(d).

<sup>6</sup> R.C. 5167.124(C)(1)(c).

<sup>7</sup> R.C. 5167.124(C)(2).

<sup>8</sup> R.C. 5167.124(C)(3).

bill's requirements, the Department may take any of the following actions against the Medicaid MCO:<sup>9</sup>

- Impose a fine of up to \$10,000 per instance of noncompliance and an additional penalty of \$1,000 per day for each day of noncompliance following notification from the Department;
- Require the Medicaid MCO to submit and implement a corrective action plan within 30 days of receiving notice of a violation and suspend or terminate a Medicaid MCO's contract with the Department if the Medicaid MCO fails to implement a corrective action plan;
- Withhold payment to, reduce capitation rates for, or terminate the contract of a Medicaid MCO determined to be in persistent or egregious violation of the bill's requirements.

The bill authorizes a Medicaid MCO that is subject to a penalty described above to appeal that penalty.<sup>10</sup> Additionally, the Department must establish a process for enrollees, prescribers, and laboratories to report instances of noncompliance by a Medicaid MCO. This process must be in addition to the grievance procedures that each Medicaid MCO must establish in accordance with continuing law.<sup>11</sup>

---



---

## HISTORY

Action	Date
Introduced	03-23-26

---

ANSB0387IN-136/ks

---

<sup>9</sup> R.C. 5167.124(D)(1).

<sup>10</sup> R.C. 5167.124(D)(2).

<sup>11</sup> R.C. 5167.124(E); R.C. 5167.11, not in the bill.