



# THE BUCKEYE INSTITUTE

## **Public Comment on Ohio's 1115 Medicaid Work and Community Engagement Waiver**

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Ohio's proposed Medicaid 1115 demonstration waiver<sup>1</sup> would require Group VIII Medicaid recipients to work or satisfy other exceptions to receive Medicaid benefits. Requiring healthy, working-age adults to work for healthcare benefits will help Medicaid recipients and Ohio. The proposed waiver will accomplish the Ohio Department of Medicaid's goals: "(i) to promote economic stability and financial independence, and (ii) to improve health outcomes by encouraging individuals to be engaged with their health and healthcare."<sup>2</sup>

## The New Waiver Requirements

Medicaid originally offered healthcare coverage for those unlikely to be employed, such as expectant mothers, the elderly, disabled adults, and children. For almost 50 years, the government expected healthy adults to be in the labor force working or looking for work. In 2010, the Affordable Care Act extended Medicaid eligibility to healthy, childless, working-age adults—Group VIII recipients in Ohio. The state's proposed waiver will require Group VIII recipients to meet one of the following criteria: be employed; be at least 55 years old; attend school or an employment training program; suffer mental health issues or intense physical needs; be a drug or alcohol addict.

The age, mental and/or physical health, and addiction criteria continue providing Medicaid coverage for those likely to need government services, at least for the short term. The education criteria help workers seeking job skills and training. The age exemption raises Ohio's eligibility age from 50 to 55 years old, a sensible improvement from Ohio's previous waiver that accounts for healthcare innovations and longer life expectancy.

Under the proposed waiver, healthy adults younger than 55 who do not work or satisfy other eligibility criteria will lose Medicaid coverage. The Ohio Department of Medicaid estimates that less than 10 percent (under 62,000) of current Section VIII enrollment (766,000) will lose coverage. The state will use data to review Group VIII recipients and not require anyone meeting any of the exempted criteria to complete paperwork to demonstrate eligibility. Recipients for whom the state cannot prove eligibility will have the opportunity to do so.

## Benefits to Recipients

Medicaid is a means-tested program that stops providing benefits when a recipient's income exceeds the income threshold. The Congressional Budget Office estimated that many Americans reduce their work effort to lower their income in order to qualify for Medicaid benefits.<sup>3</sup> Reducing work effort or dropping out of the labor force altogether reduces an individual's immediate wages and their earning potential over a lifetime. As employees work, they gain experience and learn new skills, becoming more valuable to employers. Higher-skilled workers make more money than

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<sup>1</sup> A demonstration waiver exempts a state from some Medicaid rules and regulations provided that the demonstration waiver project meets goals of the Medicaid program.

<sup>2</sup> Ohio Department of Medicaid **Group VIII 1115 Demonstration Waiver Application**, December 17, 2024.

<sup>3</sup> Edward Harris and Shannon Mok, **How the CBO Estimates the Effects of the Affordable Care Act on the Labor Market, working paper**, Congressional Budget Office working paper, September 2015.

lower-skilled workers, with the difference increasing over time. The reverse is also true: less work means less skill, less experience, and lower wages and earnings over a lifespan.

The additional lifetime earnings for working Medicaid recipients are significant. The Buckeye Institute research shows that a young Medicaid recipient who works more could accrue a million dollars over a lifetime. Even recipients who remain on Medicaid their entire working life could receive a few hundred thousand more due to additional work effort.<sup>4</sup> The more recipients work and learn, the higher their wages and lifetime income. And the higher their income the longer their lifespans tend to be.<sup>5</sup>

Thus, the proposed waiver achieves its stated objectives to promote financial stability and improve health outcomes while remaining budget neutral with minimal burden to Group VIII recipients.

### Suggested Changes

**Improve Data Collection.** The proposed waiver will use data from Ohio Benefits and third-party vendors. The state should improve the accuracy of its data collection to more easily determine Medicaid eligibility. Recipients should receive their entitled benefits, but the state needs accurate data to find and remove ineligible enrollees from the Medicaid system.

**Emphasize the Importance of Work.** The proposed waiver should explain how additional work benefits Group VIII enrollees in the short and long term. Long-term financial benefits will be much higher since more work experience results in higher skills and wages. The report could also estimate that some enrollees may leave Medicaid due to increased work effort and higher income because of the waiver or knowledge of the waiver.

**Define “Employed.”** The proposed waiver will make “employed” recipients eligible, but it does not explicitly define the term or distinguish between being employed for one hour or 40 hours a week. The waiver should define employment to mean working a minimum of 20 hours per week or 80 hours per month.

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<sup>4</sup> Rea S. Hederman Jr.; Andrew J. Kidd, Ph.D.; Tyler Shankel; and James Woodward, Ph.D. *Healthy and Working, Benefits of Medicaid Work Requirements for Medicaid Recipients*, The Buckeye Institute, December 3, 2018.

<sup>5</sup> Raj Chetty et al, *The Association Between Income and Life Expectancy in the United States, 2001–2014*, *Journal of the American Medical Association*, Volume 328, Issue 4 (July 2022) p. 360-366.

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