



OBBBA Piece-by-Piece: Combining Hours and Income to Meet Work Requirements

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On June 1, 2026, the Centers for Medicare & Medicaid Services (CMS) [released a major Interim Final Rule](#) (IFR) implementing key Medicaid eligibility and enrollment provisions enacted under the so-called [One Big Beautiful Bill Act \(OBBBA\)](#), also known as H.R. 1. The rule established the federal framework for new Medicaid work requirements, which states must implement for individuals enrolled in the Medicaid Expansion group or certain 1115 waiver demonstrations beginning January 1, 2027. Our ["Piece-by-Piece" series](#) takes a closer look at specific elements of the IFR so state advocates know the right questions to ask, even as we recognize that ultimately the best harm mitigation strategy for work requirements is repeal. This piece focuses on how states calculate qualifying activity hours.

Counting Income as Hours

Under OBBBA, individuals subject to the work requirements ("applicable individuals") can comply in a given month through 80 hours of qualifying activities or having monthly income of at least the Federal minimum wage multiplied by 80 hours (currently $\$7.25 \times 80 = \580). Qualifying activities can include work (both paid and unpaid), community service, work program participation, or participation in an educational program. Individuals do not need to participate in only one type of activity to comply. This fact sheet explains how individuals can combine different types of activity and income to satisfy Medicaid work requirements.

MAGI-Based Income: An individual's income for purposes of work requirements is determined based on the MAGI-based income for their **household**. This generally includes earned income and countable unearned income for everyone in that individual's [MAGI household](#). That is, income is not only attributable to the person who earned it. Rather, any individual subject to work requirements will be deemed compliant for any month their household's MAGI-based income is \$580 or more (or the Federal minimum wage x 80).

If an individual's household income for a month is below \$580, they are not automatically compliant based on income alone. However, states can develop calculations to convert income into countable work hours. For example, if income is below \$580 and the state does not have information on the actual number of hours worked, the state can convert that income to estimated hours worked by dividing the income by the Federal minimum wage. The individual would then need to demonstrate additional qualifying activity hours to reach 80 hours.

Income Conversion Example

If an individual's MAGI-based household income in a month was \$493, the state would divide that by \$7.25 (the current federal minimum wage). This income would be counted as 68 hours of work. The individual would then need to complete 12 additional hours of work, education, or another activity to comply.

Work, Community Service, and Participation in a Work Program: If an individual does not automatically meet the hours threshold through income or a single activity, states must add the hours an individual spent in work, community service, or participating in a work program (in addition to hours counted towards education, discussed below) for a total number of qualifying activity hours in a particular month.

The IFR details what types of activity can be considered under each category of qualifying activity. For example, certain hours spent providing care could be considered work even if unpaid.¹ The IFR also provides guidance to states on how to verify hours and income, including through ex parte verification, which is the requirement that states must first try to use reliable information available to them to verify work requirement exclusions, exceptions, or compliance before asking applicants or enrollees for additional information.

Education: Individuals can satisfy the work requirements through participation in an education program at least half-time (based on the school or institution's determination of enrollment status as full-time, half-time, or less than half-time). For individuals enrolled less than half-time, education hours count toward the 80-hour monthly requirement and can be combined with other types of qualifying activities or income to satisfy the work requirement for a given month. The IFR lays out a simple chart to convert credit hours to work hours (or determine work hours based on time spent in educational activities if the school does not use credit hours).²

Conversion of Credit Hours to Monthly Hours of Qualifying Activities³

Credit Hour(s)	Monthly Hours of Qualifying Activity
1	12.99 hours
2	25.98 hours
3	38.97 hours
4	51.96 hours
5	64.95 hours
6	77.94 hours

Advocate Tips: Combining Qualifying Activities for Compliance

As mentioned above, states must look at MAGI-based household income to determine compliance with work requirements through income: any individual whose MAGI-based household income in a month is at least \$580 will be deemed compliant in that month. However, if an individual's MAGI-based household income is below \$580 and "the State does not have information regarding the number of hours worked...the State must use a **'reasonable method'** to allocate hours, between members of the household." The IFR does not detail what a reasonable method might look like.

Just a few dollars **under** versus **over** the \$580 threshold, as well as the state's method to allocate hours across the household, dramatically affects how many additional activity hours an individual needs to comply. For example, imagine a couple where one individual in the MAGI-household had a monthly income of \$400 and the other had a monthly income of \$150 and each are applicable individuals. The total MAGI-based household income for each individual for that month was \$550, just under the \$580 that would deem both automatically compliant. The state would divide the \$550 by the minimum wage (\$7.25) to get 76 total hours and then allocate these hours between the two individuals subject to work requirements. If the state's "reasonable method" is to divide the hours evenly among applicable individuals, each individual would be allocated 38 hours – and each household member would still need 42 more hours of qualifying activity that month to comply. If, in contrast, the state's "reasonable method" allocated hours based on reported earned income – assuming the state had that information – the first individual would be credited ~55 hours ($\$400/7.25$), and the other would be credited ~21 hours ($\$150/7.25$). Either way, both individuals would have to complete additional hours of a qualifying activity to comply with the work requirements and keep their Medicaid. The allocation method could become even more complicated if individuals who live together have different Medicaid MAGI-based households. Advocates should request details of their state's "reasonable method" to allocate hours between household members and seek opportunities to provide input.

The IFR also clarifies that individuals can comply through **any combination of activities** in a month, and states must have procedures to aggregate hours. CMS encourages states to deem an individual compliant as soon as they verify 80 hours of qualifying activities and immediately end the verification process (that is, not verify any additional activities).⁴ This reduces the burden on applicants. States should remain aware, however, that individuals' activities might change between verifications. Accordingly, during renewals states must not limit their review to types of activity counted in previous renewals, but use ex parte verification and accept documentation to support compliance through **any** combination of activities or income.

¹ 91 Fed. Reg. 33371.

² For educational programs that do not use credit hours, the hours spent attending class and participating in educational activities will count towards meeting this requirement. For programs with credit hours, 1 credit converts to 3 hours of qualifying activity per week (see chart).

³ 91 Fed. Reg. 33359. The IFR does not clarify whether individuals may round up partial hours.

⁴ Additionally, if a state can determine an individual's compliance ex parte based on reliable information using a combination of qualifying activities, the state may not ask an individual for additional documentation.