

Modified Adjusted Gross Income (MAGI) – Under PPACA

Under the Affordable Care Act, eligibility for Medicaid and subsidized health insurance through the Exchanges will be calculated using a household's **Modified Adjusted Gross Income (MAGI)**. The Affordable Care Act definition of MAGI under the Internal Revenue Code and federal Medicaid regulations is shown below. Please note that this document is for illustrative purposes only and is not, in any way, intended to be used as accounting or tax advice. Please consult with your Certified Public Accountant (CPA) for information on your personal MAGI calculation.

Adjusted Gross Income (AGI) = Line 4 (Form 1040EZ), Line 21 (Form 1040A), Line 37 (Form 1040)

Include:	Deduct:
<ul style="list-style-type: none"> • Wages, salaries, tips, etc. • Taxable interest • Taxable amount of pension, annuity or IRA distributions and Social Security benefits • Business income, farm income, capital gain, other gains (or loss) • Unemployment compensation • Ordinary dividends • Alimony received • Rental real estate, royalties, partnerships, S corporations, trusts, etc. • Taxable refunds, credits, or offsets of state and local income taxes • Other income 	<ul style="list-style-type: none"> • Certain self-employed expenses • Student loan interest deduction • Tuition and fees • Educator expenses • IRA deduction • Moving expenses • Penalty on early withdrawal of savings • Health savings account deduction • Alimony paid • Domestic production activities deduction • Certain business expenses of reservists, performing artists, and fee-basis government officials

Note: Pre-tax contributions, such as those for child care, commuting, employer-sponsored health insurance, flexible spending accounts and retirement plans such as 401(k) and 403(b), are not included in AGI but are not listed above because they are already subtracted out of W-2 wages and salaries.

(+) Add Back Certain Income

<ul style="list-style-type: none"> • Non-taxable Social Security benefits (Line 20a minus 20b on a Form 1040) • Tax-exempt interest (Line on 8b on a Form 1040) • Foreign earned income & housing expenses for Americans living abroad (calculated on a Form 2555)

(-) Exclude from Income, For Medicaid Eligibility

<ul style="list-style-type: none"> • Scholarships, awards, or fellowship grants used for education purposes and not for living expenses • Certain American Indian and Alaska Native income derived from distributions, payments, ownership interests, real property usage rights, and student financial assistance • An amount received as a lump sum is counted as income only in the month received
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