



# **Modified Adjusted Gross Income: MAGI - An Overview**

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October 1, 2013

# Modified Adjusted Gross Income

- New income + household counting methodology that will be used for the Marketplace and most of Medicaid (including FP waivers and SPAs)
- MAGI is basically (with some modifications) an individual's taxable income for IRS purposes
- It will therefore:
  - Create *more* simplicity & *more* uniformity in income counting rules (but not perfect uniformity)
  - Facilitates data matching between IRS and Medicaid/Marketplaces to simplify application and verification
  - Eliminate many deductions that some enrollees rely on

# What Income is Counted?

**AGI (Line 37)**

+ Excluded Foreign Income

+ Tax Exempt Interest

+ Non-taxable Social Security benefits

**=MAGI**

(+ a few additional minor modifications for Medicaid)

**Form 1040** Department of the Treasury—Internal Revenue Service (80) **2012**OMB No. 1545-0047 (53) Use Only—Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2012, or other year beginning , 2012, ending , 20

Your first name and initial Last name , SSN , and your spouse's SSN (if filing jointly)

If joint return, spouse's first name and initial Last name , SSN , and your spouse's SSN (if filing jointly)

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. ,

City, town, or post office, state, and ZIP code. If you have a foreign address, also complete space below (see instructions).

Foreign country name Foreign province/state/county Foreign postal code

**Filing Status**

1 ☐ Single  
 2 ☐ Married filing jointly (even if only one has income)  
 3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ☐  
 4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter the child's name here. ☐  
 5 ☐ Qualifying widow(er) with dependent child

**Exemptions**

6a ☐ Yourself. If someone can claim you as a dependent, do not check box 6a.  
 b ☐ Spouse  
 c Dependents:

(i) Retiree	Last name	(ii) Dependents' social security number	(iii) Dependents' relationship to you	(iv) If (i) and (ii) are "Spouse," enter "Spouse" (see instructions)

If more than four dependents, see instructions and check here ☐

**Income**

7 Wages, salaries, tips, etc. Attach Form(s) W-2 7  
 8a Taxable interest. Attach Schedule B if required 8a  
 b Tax-exempt interest. Do not include on line 8a 8b  
 9a Qualified dividends. Attach Schedule B if required 9a  
 b Ordinary dividends. Attach Schedule B if required 9b  
 10 Taxable refunds, credits, or offsets of state and local income taxes 10  
 11 Alimony received 11  
 12 Business income or (loss). Attach Schedule C or C-EZ 12  
 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ 13  
 14 Other gains or (losses). Attach Form 4797 14  
 15a IRA distributions 15a b Taxable amount 15b  
 16a Pensions and annuities 16a b Taxable amount 16b  
 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 17  
 18 Farm income or (loss). Attach Schedule F 18  
 19 Unemployment compensation 19  
 20a Social security benefits 20a b Taxable amount 20b  
 21 Other income. List type and amount 21  
 22 Combine the amounts in the far right column for lines 7 through 21. This is your total income 22

**Adjusted Gross Income**

23 Educator expenses 23  
 24 Certain business expenses of reservists, performing artists, and fee-based government officials. Attach Form 2105 or 2105-EZ 24  
 25 Health savings account deduction. Attach Form 8889 25  
 26 Moving expenses. Attach Form 3903 26  
 27 Deductible part of self-employment tax. Attach Schedule SE 27  
 28 Self-employed SEP, SIMPLE, and qualified plans 28  
 29 Self-employed health insurance deduction 29  
 30 Penalty on early withdrawal of savings 30  
 31a Alimony paid. b Recipients' SSN ☐ 31a  
 32 IRA deduction 32  
 33 Student loan interest deduction 33  
 34 Tuition and fees. Attach Form 8917 34  
 35 Domestic production activities deduction. Attach Form 8903 35  
 36 Add lines 23 through 35 36  
 37 Subtract line 36 from line 22. This is your adjusted gross income 37

For Decisions, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat No. 1040-10000 Form 1040 (2012)

# To Count or Not to Count?

## Income Counted

- Taxable wages/salary
- Self-employment
- Social Security benefits
- Unemployment benefits
- Alimony received
- Most retirement benefits
- Interest
- Rental income

## Income Not Counted

- Child support received
- Supplemental Security Income (SSI)
- Workers' compensation payments
- Veteran's benefits
- Gifts
- Assets/resources

**NO ADDITIONAL DISREGARDS!**

# Who is in a Household?

- Marketplace MAGI household is a tax household...
  - Taxpayer + spouse + dependents (don't have to live together)
- Medicaid MAGI household is a person-by-person determination
  - May not be the same as the tax household!
  - Members of the same family can have different household sizes!
- There are special rules designed to facilitate eligibility for vulnerable populations and acknowledge families that live together but may not file taxes together

# Converting existing income limits to MAGI equivalents

- Current Medicaid income limits will be “converted” to MAGI equivalents that account for ***average*** disregards
- After conversion, the goal is for roughly the same ***aggregate*** number of people to remain eligible for the category
- There will be winners and losers, as ***specific individuals*** will benefit or be harmed by the new counting rules

# Examples of Converted Thresholds

California Category	Current Threshold	Converted Threshold
Pregnant women and infants	200% FPL	208% FPL
Very low income parents	100% FPL	109% FPL
Children < 19	250% FPL	261% FPL
Family Planning SPA	200% FPL	212% FPL
Pregnant Above 200% FPL	300% FPL	308% FPL



**THANK YOU**  
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