

Modified Adjusted Gross Income: MAGI - An Overview

Erin Armstrong
NFPRHA Peer-to-Peer, St. Louis

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Modified Adjusted Gross Income

- New <u>income</u> + <u>household</u> 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



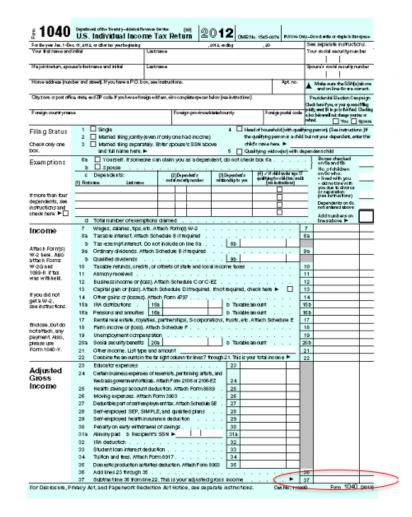
What Income is Counted?

AGI (Line 37)

- + Excluded Foreign Income
 - +Tax Exempt Interest
 - + Non-taxable Social
 Security benefits

=MAGI

(+ a few additional minor modifications for Medicaid)





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 armstrong@healthlaw.org

Washington DC Office

1444 I Street NW, Suite 1105 Washington, DC 20005 ph: (202) 289-7661

fx: (202) 289-7724

nhelpdc@healthlaw.org

Los Angeles Office

3701 Wilshire Blvd, Suite #750 Los Angeles, CA 90010

ph: (310) 204-6010

fx: (213) 368-0774

nhelp@healthlaw.org

North Carolina Office

101 East Weaver Street, Suite G-7

Carrboro, NC 27510

ph: (919) 968-6308 fx: (919) 968-8855

nhelpnc@healthlaw.org

www.healthlaw.org