

Under the Affordable Care Act, eligibility for income-based Medicaid¹ 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 Code² and federal Medicaid regulations³ is shown below. For most individuals who will apply for health coverage under the Affordable Care Act, MAGI will be equal to Adjusted Gross Income. This document summarizes relevant federal regulations; it is not personalized tax or legal advice. Consult the Health Insurance Marketplace for your state, your local Medicaid agency, or a legal or tax advisor for assistance in determining your MAGI.

Modified Adjusted Gross Income (MAGI) =

Adjusted Gross Income (AGI)

Line 4 on a
Form 1040EZ

Line 21 on a
Form 1040A

Line 37 on a
Form 1040

Include:

- Wages, salaries, tips, etc.
- Taxable interest
- Taxable amount of pension, annuity or IRA distributions and Social Security benefits⁴
- 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

Deduct:

- Certain self-employed expenses⁵
- Student loan interest deduction
- 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: Check the IRS website for detailed requirements for the income and deduction categories above. Do not include Veterans' disability payments, workers' compensation or child support received. 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

- Non-taxable Social Security benefits⁴ (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)

For Medicaid eligibility



Exclude from income

- 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

¹ Medicaid eligibility is generally based on MAGI for parents and childless adults under age 65, children and pregnant women, but not for individuals eligible on the basis of being aged, blind, or disabled.

² Internal Revenue Code Section 36B(d)(2)(B)

³ Public Health and Welfare Code Section 435.603(e)

⁴ "Social Security benefits" includes disability payments (SSDI), but does not include Supplemental Security Income (SSI), which should be excluded.

⁵ Deductible part of self-employment tax; SEP, SIMPLE, and qualified plans; health insurance deduction