



# How We Determine Income

The Oklahoma Health Care Authority uses a specific method to determine the income and household size for someone applying for SoonerCare, Insure Oklahoma or other programs. This method is called Modified Adjusted Gross Income (MAGI). MAGI is the method required by the Affordable Care Act (ACA) to determine eligibility for income-based Medicaid<sup>1</sup> and subsidized health insurance through the exchanges.

## How is income calculated with MAGI?

MAGI is found by taking your household’s current Adjusted Gross Income and adding back certain deductions. The ACA definition of MAGI under the Internal Revenue Code<sup>2</sup> and federal Medicaid regulations<sup>3</sup> is shown below. For most individuals who will apply for health coverage under the ACA, MAGI will be equal to Adjusted Gross Income.

| Adjusted Gross Income (AGI)   |  |
|---|--|
| <p><b>Include:</b></p> <ul style="list-style-type: none"> <li>• Wages, salaries, tips, etc.</li> <li>• Taxable interest</li> <li>• Taxable amount of pension, annuity or IRA</li> <li>• Business income, farm income, capital gain, other gains (or loss)</li> <li>• Unemployment compensation</li> <li>• Ordinary dividends</li> <li>• Alimony received</li> <li>• Rental real estate, royalties, partnerships, corporations, trusts, etc.</li> <li>• Taxable refunds, credits, or offsets of state and local income taxes</li> <li>• Other income</li> <li>• Lotto and Gambling Winnings</li> </ul> | <p><b>Deduct:</b></p> <ul style="list-style-type: none"> <li>• Certain self-employed expenses<sup>4</sup></li> <li>• Student loan interest deductions</li> <li>• Educator expenses</li> <li>• IRA deduction</li> <li>• Moving expenses for Active-Duty Military</li> <li>• Penalty on early withdrawal of savings</li> <li>• Health savings account deduction and Medi-Share</li> <li>• Alimony payments prior to 12/31/18</li> <li>• Certain business expenses of reservists, performing artists, and fee-based government officials</li> </ul> |

**Note:** Do not include Supplemental Security Income (SSI), Veterans Disability payments, workers’ compensation or child support received. Pre-tax contributions, such as those for childcare, 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.



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**WEBSITES**

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[mysoonerca.org](http://mysoonerca.org)



**PHONE**

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## 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

## Oklahoma Health Care Authority Household

### Household Income

An OHCA household is equal to a tax household in most cases (certain exceptions apply).

Income will be counted for the following WHEN/IF they are claimed as tax dependents:

- Stepparents and stepchildren
- Children/siblings with income
- Children ages 21+
- Rules for non-filers mirror rules for filers

*1 Medicaid eligibility is generally based on MAGI for parents and childless adults under age 65, former foster care under age 26, 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 Deductible part of self-employment tax; SEP, SIMPLE, and qualified plans; health insurance deduction*

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