Q: What is Modified Adjusted Gross Income (MAGI)?
A: MAGI is your adjusted gross income, as determined for federal income tax purposes, with certain types of income added in and subtracted out.

Q: What is the purpose of MAGI?
A: MAGI is used to determine an individual's eligibility for premium tax credits and cost sharing reductions for Qualified Health Plans purchased through the Health Insurance Marketplaces. MAGI is also used to determine eligibility for families and children coverage groups in Medicaid and the Children's Health Insurance Program (CHIP).

Q: Are there special rules for calculating MAGI for American Indians and Alaska Natives (AI/ANs)?
A: Yes. MAGI is based on taxable, adjusted gross income reported to the Internal Revenue Service (IRS). Because some types of income specific to AI/ANs are non-taxable, this income is excluded when determining eligibility for Marketplace tax credits, cost sharing reductions, Medicaid, and CHIP. Certain additional types of AI/AN income are excluded when determining eligibility for Medicaid and CHIP, even though they might be taxable. This means that your MAGI might be slightly higher for the purposes of Marketplace assistance than it is for Medicaid eligibility.

Did you know?
You may qualify for lower cost health insurance coverage on the Marketplace. When you provide your MAGI, you can find out if you’re eligible for premium tax credits and other savings that can lower the cost of health insurance.

Learn how MAGI works, the types of income counted and excluded, and the special rules for AI/ANs for the Marketplace, Medicaid, and CHIP.

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**Q:** What types of AI/AN income are generally exempt from MAGI?

**A:** The following categories of income are generally excluded from an AI/AN’s MAGI:

- Distributions from Alaska Native Claims Settlement Act (ANCSA) Corporations and Settlement Trusts
- Distributions from trust/reservation property
- Income from property and rights related to hunting, fishing, and natural resources
- Income from the sale and use of cultural/subsistence property
- Student financial assistance provided by the Bureau of Indian Affairs and/or a Tribe
- Income that falls within the IRS General Welfare Doctrine
- Any other income that is non-taxable according to federal law or IRS guidance

You should contact your Tribe if you are unsure whether a certain type of income is exempt from MAGI.

**Q:** Income exempt under the “General Welfare Doctrine” is excluded from MAGI. What is the General Welfare Doctrine?

**A:** Payments made under social benefit programs for the promotion of general welfare may be excluded from gross income under a concept known as the general welfare doctrine. This applies only to governmental payments out of a welfare fund based upon the recipient’s need, and not as compensation for services. When distributions to tribal members are made equal (per capita) and not based on need, then they do not fall under the general welfare doctrine. Benefits payable regardless of the financial status, health, educational background, or employment status of the recipient may be included in gross income of recipient.

**Q:** Is my tribal gaming per capita payment excluded from MAGI?

**A:** No. Gaming per capita payments are taxable and must be included in your MAGI.

**Q:** The list of AI/AN income includes distributions and payments from activities on trust property. Does that property have to be located on a reservation for the income to be excluded from MAGI?

**A:** No. This income is exempt from MAGI so long as it is derived from property that is held in trust by the federal government, subject to federal restrictions, located on an Indian reservation or within the most recent boundaries of a prior federal reservation, or otherwise under the supervision of the Secretary of the Interior.
Q: How do I list AI/AN income on the application for Marketplace health insurance, Medicaid, and CHIP?

A: When filling out an application for health insurance in the Marketplace, you will be asked to list your taxable income. You should provide the same income that you report to the IRS when you file your federal income tax. Do not include AI/AN income that the IRS exempts from taxation as part of your taxable income.

- In Appendix B of the Marketplace application, you will be asked to list certain types of AI/AN income that you previously included in Step 2 of your application. Even though this income is taxable, it still may be excluded from MAGI for the purposes of Medicaid and CHIP eligibility. You are asked to list this type of income on Appendix B to make sure that it is not counted toward your MAGI as part of the Medicaid and CHIP eligibility determination.
- If you don’t have these types of income, just put a zero on the application after the questions in Appendix B. If you do have this type of income, list what kind you have and how much of it you receive.
- Do not list any per capita income from gaming in Appendix B, as it is taxable and included in MAGI.

Q: Who should I contact for help when filling out the Marketplace application regarding my exempt AI/AN income?

A: You should contact your Tribe or the enrollment assister at your local Indian Health Service, tribe or tribal organization, or urban Indian organization. You can also check with a Navigator or the Help Desk at your State’s Marketplace or at Healthcare.gov. If someone helps you prepare your taxes, you can also ask them.

Specific Types of AI/AN Exempt Income

Below are some specific types of AI/AN income that may be excluded from your MAGI when determining eligibility for Medicaid, CHIP, and the tax credits and cost sharing reductions in the health insurance Marketplace. Please note that these are just examples and that this list is not exhaustive.

Distributions from ANCSA Corporations and settlements trusts
- Cash distributions from an ANCSA corporation or settlement trust
- Stock or bonds issued by or acquired from an ANCSA Corporation
- A partnership interest distributed by an ANCSA Corporation, as well as subsequent partnership distributions
- Land or an interest in land (including land or an interest in land received from an ANCSA Corporation as a dividend or distribution on stock)

Per capita payments or distributions from trust/reservation property
- Rents from any such lands and any structures on the land (housing, retail facilities, etc.)
- Royalties or other compensation received from oil and gas production, mineral extraction, timber harvesting, and similar activities
- Profits or revenues derived from economic activity on the land, such as the operation of motels, retail stores, gas stations, farms and ranches, etc.

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Payments from funds held in trust by the Secretary of Interior for an Indian tribe, including interest and investment income accrued while such funds are held in trust and initial purchases made with such funds

Income derived from property and rights related to hunting, fishing, and natural resources
- Profits from the sale, lease, or harvest of mineral, timber, and other such resources
- Income derived from hunting, fishing, gathering, and harvesting fish, wildlife, and plant resources pursuant to federally protected rights, including off-reservation rights

Income from the sale and use of cultural or subsistence property
- Earnings from ownership interests and usage rights to items that have unique religious, spiritual, traditional, or cultural significance that support subsistence or traditional lifestyle
- Materials such as the sale of sage or sweetgrass for use in a healing or spiritual ceremony
- The sale of artwork, pottery, or jewelry with cultural or religious significance
- Crafts made by AI/ANs from fish and wildlife resources taken for personal or family consumption
- Proceeds of subsistence fish and game

Student financial assistance provided by the Bureau of Indian Affairs
- Student financial assistance provided under programs in Title IV of the Higher Education Act of 1965

Grants from the Bureau of Indian Education's Higher Education program

Payments that are exempt from federal income taxation under federal statute
- Per capita shares distributed to Indians pursuant to the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. § 1401 et seq.), including interest and investment income earned on Judgment Funds while under administration
- Distributions from certain federal settlements, such as the Cobell v. Salazar class action settlement and some payments under the Keepseagle v. Vilsack settlement

Income excluded under the General Welfare Doctrine
- Housing assistance
- Education assistance
- Programs serving elders and individuals with disabilities
- Cultural and religious programs
- Transportation programs
- Disaster relief
- Payments used to help establish AI/AN-owned businesses on or near a reservation

Contact Info:

Questions? Give us a call
1-800-318-2596
TTY: 1-855-889-4325

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