

2615.05.10 Crowdfunding Accounts

Crowdfunding accounts are way to fundraise from multiple people to assist in paying for things such as medical bills, funeral costs, starting a new business or pet care.

If a Medicaid applicant or member is the beneficiary of a crowdfunding account, such as GoFundMe or Kickstarter, it is considered a liquid asset and is a countable resource (minus fees) in the Medicaid budget. Withdrawals from the crowdfunding account are considered unearned income in the month received and a resource in the month following (IHCPPM 2605.20.00). Transfer of property rules apply (IHCPPM 2640.10.00-2640.10.25).

Example 1:

April 15th - Kathy was in a car accident and was hospitalized. On April 20th, her daughters created a GoFundMe account asking for donations to help pay for her health care. Her only other resource is a checking account with a balance of \$125.

May 1st – Her total available resources are \$30,125 which includes the GoFundMe account and her bank balance (IHCPPM 2605.20.00).

June 10th - The family cashes in the GoFundMe account and withdraws \$30,000. The funds are deposited into Kathys bank account. \$30,000 is counted as income in the month of June.

July 1st - The \$30,000 remains in the bank account and is a countable resource. Kathy is over the asset limit for July.

July 15th - Kathy applied for disability Medicaid.

July 20th - The family submits verification that \$30,000 was paid toward hospital bills. Paying medical debt is allowable as adequate consideration was given. Her remaining bank balance is \$125.

Eligibility:

- May: Denied – over resources with a balance of \$30,125 (GoFundMe + bank balance)
- June: Denied – over income (GoFundMe account was cashed in)
- July: Denied – over resources (bank balance \$30,125)
- August: Eligible for MA D

Example 2:

04/15 - Patrick is 70 years old and enters a nursing home. His only resource is a bank account with a balance of \$3,000.

04/20 - His neighbor created Kickstarter account to help pay for the nursing home stay.

05/01 The Kickstarter account has successfully raised \$10,000. This is an available resource for May. His bank account has a balance of \$1,200 leaving total resources for May at \$11,200.

06/01 - The account raised a total of \$25,000; his bank balance is \$1,200.

07/15 - Patrick applied for Medicaid. His countable resources are \$26,200.

Eligibility:

- April: Denied – over resources with a balance of \$3,000
- May: Denied – over resources with a balance of \$11,200
- June: Denied – over resources with a balance of \$26,200
- July: Denied – over resources with a balance of \$26,200

Example 3:

04/01 - Sammy is disabled and is receiving SSDI; he is on MA D is has an HCBS waiver. His only resource is a bank account with a \$1,000 balance.

04/02 - Sammys mother created a GoFundMe account with him listed as the beneficiary to assist with his daily living. The account raised \$30,000.

04/10 - He cashes in the GoFundMe account and deposits it into his bank account leaving a bank balance of \$31,000. Sammy gives his children \$30,000. Adequate consideration was not received resulting in a transfer of property penalty.

Eligibility:

- 05/01 – A transfer of property penalty is imposed 05/01 ongoing

(MED 3)

Funds received through crowdfunding platforms may be excluded from gross income and MAGI calculation if they qualify as a personal gift.¹

Funds are considered non-taxable gifts when they are provided without expectation of receiving goods, services, or any other benefit in return (e.g., medical expenses, funeral costs, or personal disasters).

Funds are considered taxable if contributors expect to receive services, goods, or another benefit; campaign is for a business, startup, or capital contribution; or funds are provided by an employer for an employee. Funds are typically considered as income in the month funds are disbursed and available to the beneficiary. Remaining funds should be excluded for ongoing months.

Funds contributed to launch a business, create a product, or as part of reward-based crowdfunding (i.e., Kickstarter) are generally considered taxable business income and normal business expense deductions may apply.²

If there are any questions, please send to PAL for review.

¹ IRS.gov “Some things to know about crowdfunding and taxes” and Publication 525

² IRS.gov Publication 535