State of New Jersey
DEPARTMENT OF HUMAN SERVICES
Division of Medical Assistance and Health Services
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Assistant Commissioner

STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE
AND HEALTH SERVICES

BARCLAYS REHABILITATION AND, HEALTHCARE CENTER, LLC,

PETITIONER,

v.

MEDICAID FRAUD DIVISION,

RESPONDENT.

And

BARNEGAT NURSING AND REHAB LLC, DBA BAREGAT REHAB,

PETITIONER,

v.

MEDICAID FRAUD DIVISION,

RESPONDENT.

And

BELLEVUE GARDEN GROUP, LLC, DBA BELLE CARE NURSING AND REHAB,

PETITIONER,

v.

MEDICAID FRAUD DIVISION,

RESPONDENT.

ADMINISTRATIVE ACTION

ORDER OF REMAND

OAL DKT. NO.: HMA 13424-25
HMA 13425-25
HMA 13426-25
(CONSOLIDATED)

As Assistant Commissioner for the Division of Medical Assistance and Health Services, I have reviewed the record in this case, including the Initial Decision and the Office of Administrative Law (OAL) case file. Exceptions were filed by Medicaid Fraud Division (MFD) in this matter. Procedurally, the time period for the Agency Head to render a Final Agency Decision is September 3, 2026, in accordance with an Order of Extension.

This matter arises from the Medicaid Fraud Division's (MFD) Notice of Claim against Barnegat Nursing & Rehab, LLC, in the amount of $791,380, against Barclays Rehabilitation and Healthcare Center, LLC, in the amount of $735,180, and against Bellevue Garden Group, LLC, in the amount of $647,304. MFD is seeking the recover against these facilities because it alleges they violated the minimum staffing requirement set forth in N.J.S.A. 30:13-18 (New Jersey Staffing Law or Staffing Law) and, despite that, submitted claims for payment to the Medicaid program certifying that the information contained in those claims was "true, accurate, and complete" even though the information was false, in violation of N.J.A.C. 10:49-9.8(a). (P-K, P-L, P-M). Petitioners requested a fair hearing at the OAL.

On March 16, 2026, the parties filed motions for summary decision. ID at 3. A summary decision "may be rendered if the papers and discovery which have been filed, together with the affidavits, if any, show that there is no genuine issue as to any material fact challenged and that the moving party is entitled to prevail as a matter of law." N.J.A.C. 1:1-12.5(b). In Brill v. Guardian Life Ins. Co., 142 N.J. 520 (1995), the New Jersey Supreme Court addressed the appropriate test to be employed in determining the motion:

> A determination whether there exists a "genuine issue" of material fact that precludes summary judgment requires the motion judge to consider whether the competent evidential materials presented, when viewed in the light most favorable to the non-moving party, are sufficient

> to permit a rational fact finder to resolve the alleged disputed issue in favor of the nonmoving party. The "judge's function is not ... to weigh the evidence and determine the truth of the matter but to determine whether there is a genuine issue for trial."
>
> Id. at 540 (quoting Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 250 (1986)).

In evaluating the merits of the motion, "all inferences of doubt are drawn against the movant and in favor of the opponent of the motion." Judson v. Peoples Bank & Trust Co. of Westfield, 17 N.J. 67, 75 (1954). However, "when a motion for summary decision is made and supported, an adverse party in order to prevail must by responding affidavit set forth specific facts showing that there is a genuine issue which can only be determined in an evidentiary proceeding." N.J.A.C. 1:1-12.5(b).

The Administrative Law Judge (ALJ) concluded that no genuine issues of material fact exist as the dispute is a question of law. ID at 4. More specifically, the question is whether Petitioners' noncompliance with the Staffing Law causes them to be non-compliant with the New Jersey Medicaid laws, making their certified statements on the claim forms that they are compliant with New Jersey Medicaid laws false. Ibid.

The New Jersey Medical Assistance and Health Services Act, N.J.S.A. 30:4D-1 to -19.5, gives MFD broad authority to protect the integrity of the Medicaid program. N.J.S.A. 30:4D-7(h) authorizes MFD to determine where an overpayment has been made and the ability to take all necessary actions to recover those overpayments.

In this case, MFD does not allege that Petitioners failed to comply with the Medicaid staffing laws but rather that their noncompliance with the New Jersey Staffing Law makes them non-compliant with Medicaid laws, causing their certification to be untrue. ID at 5. The Administrative Law Judge (ALJ) concluded that for MFD's argument to be correct, the Staffing Law must first be part of or subject to the Medicaid laws, and

that there is no authority for that argument. ID at 5. The ALJ found that the Staffing Law is neither incorporated in nor referenced in the Medicaid requirements. Ibid. The ALJ further claimed that New Jersey's Medicaid laws have their own nurse staffing requirements via New Jersey's regulations regarding the licensure of long-term care facilities, and argued that this supports the conclusion that the Staffing Law is not part of the Medicaid laws. See N.J.A.C. 8:39-1.1 to -47.5. Ibid. For licensure, long-term care facilities must meet the nurse staffing policies of N.J.A.C. 8:39-25.1 and -25.2. Ibid. The ALJ went on to find that Petitioners were not in compliance with the New Jersey Staffing Law, but as the licensure requirements do not incorporate the Staffing Law, any violation of the Staffing Law is wholly independent of the Medicaid laws. Ibid. The ALJ concluded that since the Staffing Law is not Medicaid law, the certifications submitted by Petitioners are not fraudulent. ID at 7. As a result, the Initial Decision Orders that Petitioners' motion for summary decision is granted and that the consolidated cases are dismissed. Ibid.

MFD submitted exceptions to the Initial Decision. In summary, the exceptions argue that the Initial Decision's central legal conclusion regarding the Staffing Laws is incorrect because under the Medicaid Program Integrity and Protection Act, N.J.S.A. 30:4D-53 et seq., MFD has been granted broad powers to maintain the integrity of the New Jersey Medicaid program and investigate and root out fraud, waste and abuse. MFD argues that they have the authority to "review and audit ... claims ... and all other expenditures of Medicaid funds ... to determine compliance with applicable laws, regulations, guidelines, and standards, and enhance program integrity." N.J.S.A. 30:4D-57(b)(3). MFD's exceptions argue that contrary to the interpretation posited in the Initial Decision, compliance extends beyond just "Medicaid laws" to encompass all federal and state statutes and rules that govern Medicaid providers. N.J.A.C. 10:49-5.5. The second

argument made in the exceptions is that the Initial Decision incorrectly concluded that Petitioners did not violate Medicaid billing rules. MFD argues that since it is undisputed that Petitioners violated the Staffing Law during July of 2023, Petitioners' billing certifications for this period were in fact false.

While I acknowledge this case raises novel and complex issues, I disagree with the Initial Decision, and find the arguments offered by MFD in its exceptions more persuasive. The New Jersey Medical Assistance and Health Services Act, N.J.S.A. 30:4D-1 to -19.5 and N.J.A.C. 10:49-5.5(a)(17), gives MFD broad authority to protect the integrity of the Medicaid program. The New Jersey Staffing Law sets the minimum level of staff required for Petitioners' facilities to operate and therefore is directly related to the health and safety of New Jersey residents receiving Medicaid and to the appropriateness of the care that is reimbursed by Medicaid. MFD has broad authority to ensure New Jersey Medicaid only pays for goods and services rendered in accordance with New Jersey and Federal law. This authority is not necessarily unlimited – for instance, it may not extend to violations of New Jersey and Federal laws that have no meaningful relationship to the provision of care. But it is not necessary to resolve the outer boundaries of MFD's authority at this juncture. In this case the violation of law in question is directly and unambiguously related to the appropriate provision of Medicaid funded services. The ALJ found that Petitioners violated the Staffing Law by understaffing their facilities and subsequently submitting claims for reimbursement to the Medicaid program. This violation has direct bearing on whether Petitioner sought reimbursement for services which it had not appropriately delivered.

The ALJ also found that N.J.S.A. 30:13-8 empowers the New Jersey Department of Health (DOH) and private citizens to bring legal action to enforce the Staffing Law.

Even if we accept this interpretation, N.J.S.A. 30:13-8 does not exclusively limit enforcement authority to DOH. I find that MFD has been granted broad powers under the Medicaid Program Integrity and Protection Act to maintain the integrity of the program and investigate and root out fraud, waste, and abuse, and therefore, I conclude that MFD can enforce and recover overpayments for violations of the New Jersey Staffing Law.

Accordingly, and based on my review of the record, I hereby REVERSE the Initial Decision.

THEREFORE, it is on this 3rd day of September 2026,

ORDERED:

That the Initial Decision is hereby REVERSED and summary decision shall be awarded to MFD. This matter is REMANDED to the OAL to adjudicate the civil penalties portion of this matter.

Gregory Woods

Gregory Woods, Assistant Commissioner
Division of Medical Assistance and Health Services