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

E.C.,	:	
PETITIONER,	:	**ADMINISTRATIVE ACTION**
v.	:	**ORDER OF REMAND**
MONMOUTH COUNTY DIVISION OF SOCIAL SERVICES AND DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES,	:	**OAL DKT. NO. HMA 13903-2025**
RESPONDENTS.	:	

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. No exceptions were filed in this matter. Procedurally, the time period for the Agency Head to render a Final Agency Decision is June 11, 2026.

This matter arises from the imposition of a transfer penalty on Petitioner's receipt of Medicaid benefits. By letter dated June 16, 2025, the Monmouth County Division of Social Services (Monmouth County) approved Petitioner's November 28, 2024, application, but assessed a penalty of 116 days on receipt of Medicaid benefits resulting from a transfer of assets totaling $46,868.48 for less than fair market value during the

five-year look-back period. R-1, R-3. On July 7, 2025, Monmouth County reduced the penalty amount to $41,973.00 with an imposition of a 95-day penalty for the period of December 1, 2024, to March 5, 2025.[1] R-6.

In determining Medicaid eligibility for someone seeking institutionalized benefits, counties must review five years of financial history. Under the regulations, "[i]f an individual . . . (including any person acting with power of attorney or as a guardian for such individual) has sold, given away, or otherwise transferred any assets (including any interest in an asset or future rights to an asset) within the look-back period," a transfer penalty of ineligibility is assessed. N.J.A.C. 10:71-4.10(c). "A transfer penalty is the delay in Medicaid eligibility triggered by the disposal of financial resources at less than fair market value during the look-back period." E.S. v. Div. of Med. Assist. & Health Servs., 412 N.J. Super. 340, 344 (App. Div. 2010). "[T]ransfers of assets or income are closely scrutinized to determine if they were made for the sole purpose of Medicaid qualification." Ibid. Congress's imposition of a penalty for the disposal of assets for less than fair market value during or after the look-back period is "intended to maximize the resources for Medicaid for those truly in need." Ibid.

The applicant "may rebut the presumption that assets were transferred to establish Medicaid eligibility by presenting convincing evidence that the assets were transferred exclusively (that is, solely) for some other purpose." N.J.A.C. 10:71-4.10(j). The burden of proof in rebutting this presumption is on the applicant. Ibid. The regulations also provide that "if the applicant had some other purpose for transferring the asset, but establishing Medicaid eligibility appears to have been a factor in his or her decision to transfer, the presumption shall not be considered successfully rebutted." N.J.A.C. 10:71-

[1] After review of the various receipts provided, Monmouth County reduced the $46,868.48 initial penalty to $41,973 deeming the receipts of tax documents as acceptable. ID at 3.

4.10(i)2.

In this matter, J.C., Petitioner's grandson and Power of Attorney (POA) challenges the penalty imposed. ID at 3. To rebut the transfer penalty imposed, J.C. submitted a letter dated December 27, 2023, which explained that he had been handling Petitioner's finances since 2019. R-4. J.C. also explained that at various times he had to transfer funds from Petitioner's Chase Bank account to his personal account because Chase Bank would not renew Petitioner's debit card. Ibid. J.C. further explained that the transfer of funds to his bank account was used to pay for Petitioner's live-in aide, food shopping, diapers and household needs. Ibid.

In the Initial Decision, the Administrative Law Judge (ALJ) found that Petitioner improperly transferred $41,973 in assets and that Petitioner failed to rebut the presumption that the transfer was made to qualify for Medicaid. ID at 2. The ALJ reached this determination because J.C. failed to provide any verifiable information regarding the live-in aide's work schedule or payment history. R-3. The ALJ notes J.C.'s explanation for not providing these verifications is because J.C. claims that the aide no longer works for the private vender he contracted with and was unresponsive to his attempts to reach her. Ibid. The ALJ further notes that the bank statements and receipts submitted by T.W., Petitioner's Designated Authorized Representative (DAR), were deemed unacceptable by Monmouth County because the purchases were made in Staten Island and Toms River rather than Tinton Falls where the Petitioner resided. Ibid. Finally, the ALJ notes that despite J.C.'s assertion that he paid $60,000 for Petitioner's live-in aide which proves the funds were used for "purposes other than qualifying for Medicaid benefits," J.C. failed to provide any corroborating evidence that shows a prior arrangement indicating the terms of services being provided or amount of compensation being paid for those services as required by N.J.A.C. 10:71-4.10(b)6ii. R-3, R-4.

N.J.A.C 10:71-4.10(b)6ii reads in part as follows:

> ii. In regard to transfers intended to compensate a friend or relative for care or services provided in the past, care and services provided for free at the time they were delivered shall be presumed to have been intended to be delivered without compensation. Thus, a transfer of assets to a friend or relative for the alleged purpose of compensating for care or services provided free in the past shall be presumed to have been transferred for no compensation. This presumption may be rebutted by the presentation of credible documentary evidence preexisting the deliver of the care or services indicating the type and terms of compensation. Further, the amount of compensation or the fair market value of the transferred asset shall not be greater than the prevailing rates for similar care or services in the community. That portion of compensation in excess of the prevailing rate shall be considered to be uncompensated value.

Based on a review of the evidence, the ALJ concludes that J.C. has failed to rebut the presumption that the assets were transferred for the purpose of establishing Medicaid. ID at 4.

I partially disagree with the findings in the Initial Decision at this time, as the record needs to be clarified or further developed. I agree with the ALJ's finding that J.C. failed to provide sufficient evidence that the funds were transferred to reimburse a live-in aide and not to establish eligibility for Medicaid. As such, I agree that a transfer penalty was appropriate. However, the Initial Decision lacks sufficient justification of why the ALJ did not consider the store receipts submitted by J.C. as sufficient to establish expenditures were for a purpose other than to establish Medicaid eligibility. The Initial Decision notes that Monmouth County discounted the receipts because they documented purchases in locations distant from E.C.'s residence. However, the mere place of purchase, standing alone, is not a sufficient basis to disregard or discredit information provided. If the receipts were rejected, the decision should articulate the reasons for this course of action, including any concerns regarding the receipts, so that the basis for the determination is

clear for meaningful review. The status of receipts may affect the calculation of the proper duration of the transfer penalty.

Accordingly, for the reasons set forth above, I hereby REVERSE the Initial Decision and REMAND the matter to further develop the record in accordance with the above request.

THEREFORE, it is on this 11th day of JUNE, 2026

ORDERED:

That the Initial Decision is hereby REVERSED and the case REMANDED as set forth above.

Gregory Woods

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