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

E.C., PETITIONER, v. MONMOUTH COUNTY DIVISION OF SOCIAL SERVICES AND DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES, RESPONDENTS.	**ADMINISTRATIVE ACTION** **FINAL AGENCY DECISION** **OAL DKT. NO. HMA 11077-26** **(ON REMAND HMA 13903-25)**

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 September 21, 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.[1] 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. R-6.

In determining Medicaid eligibility for someone seeking institutionalized benefits, counties must review five years of financial history from the date of the first application filed. 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

[1] After reviewing 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.

transfer, the presumption shall not be considered successfully rebutted." N.J.A.C. 10:71-4.10(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, diapers and household needs. Ibid.

On March 11, 2026, an Initial Decision was issued wherein the ALJ determined that Petitioner improperly transferred $41,973 in assets within the lookback period, and that Petitioner failed to rebut the presumption that the transfers were made to qualify for Medicaid. ID at 2. The ALJ also determined that J.C. failed to provide any verifiable information regarding the live-in aide's work schedule or payment history. ID at 3. The ALJ notes that the bank statements and receipts submitted by 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 concluded 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 delivery 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 concluded that J.C. had failed to rebut the presumption that the assets were transferred for the purpose of establishing Medicaid. ID at 4.

While I agreed with the ALJ's finding that J.C. failed to provide sufficient evidence that the funds were transferred to reimburse a live in aide rather than establishing Medicaid eligibility and that a transfer penalty was appropriate, additional questions remained unanswered. More specifically, the Initial Decision lacked 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. To clarify the record, the undersigned issued an Order of Remand on June 11, 2026, which reversed the Initial Decision and remanded the matter to further develop the record. The Order of Remand directed the ALJ to clarify why the store receipts submitted by J.C. failed to be considered as sufficient to establish expenditures were for a purpose other than to qualify for Medicaid since place of purchase standing alone is insufficient to discredit review. In addition, if the receipts were rejected, the ALJ was directed to articulate specific

reasons for this course of action for meaningful consideration.

In response, the ALJ supplemented the record with specific findings based in the regulatory requirement that places the burden of proof on the applicant to "rebut the presumption that the 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) With respect to the fourteen pages of receipts at issue, the ALJ determined that certain receipts were illegible or otherwise deficient because they failed to identify the location of purchase or the total cost, and, in some instances, the items purchased were indecipherable. The ALJ further determined that J.C. and the DAR failed to produce any convincing evidence that the purchases were made solely for Petitioner. ID at 10. Lastly, the ALJ also determined that in an email dated July 27, 2026, which was provided to the court shows that J.C. acknowledged that he had no additional legitimate documentation to substantiate the expenditures beyond the receipts themselves. Ibid. As such, based on a review of the totality of evidence, the ALJ found that the receipts did not constitute convincing evidence that the assets were transferred exclusively for some other reason other than to qualify for Medicaid as required by regulation. See N.J.A.C. 10:71-4.10(j).

I agree with this finding. Thus, based upon my review of the record, and for the reasons set forth herein, I hereby ADOPT the ALJ's recommended decision, as set forth above. Further, I FIND that the imposed penalty period of 95 days based upon transfers totaling $41,973 was appropriate and that Monmouth County correctly assessed the penalty.

THEREFORE, it is on this 18th day of SEPTEMBER 2026

ORDERED:

That the Initial Decision is hereby ADOPTED as set forth above.

Gregory Woods

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