

State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION
OAL DKT. NO. HMA 04589-26
AGENCY DKT. NO. NA

E.C.,
Petitioner,
v.
OCEAN COUNTY BOARD OF SOCIAL SERVICES,
Respondent.

E.C., petitioner, pro se

Lisa Block, Human Services Specialist 3, for respondent, under N.J.A.C. 1:1-5.4(a)(3)

Record Closed: June 15, 2026 Decided: July 7, 2026

BEFORE **SAMANTHA L. PRICE**, ALJ:

STATEMENT OF THE CASE

Petitioner, E.C., a recipient of Medicaid, had total monthly income of $7,565.92 for a household size of five. Is E.C. eligible for Medicaid? No. The applicable income limit for NJ FamilyCare for a family of five is $4,449. 42 C.F.R. § 435.119 (2026); N.J.A.C. 10:78-4.1.

PROCEDURAL HISTORY

On July 18, 2025, E.C. submitted a renewal application to respondent, the Ocean County Board of Social Services (Ocean County), for Medicaid benefits under NJ FamilyCare.

On February 13, 2026, Ocean County terminated E.C.'s Medicaid benefits because his countable income exceeds the income threshold.[1]

On February 27, 2026, E.C. timely appealed the determination.

On March 20, 2026, the Division of Medical Assistance and Health Services (DMAHS) transmitted this case to the Office of Administrative Law as a contested case under the Administrative Procedure Act, N.J.S.A. 52:14B-1 to -15, and the act establishing the office, N.J.S.A. 52:14F-1 to -23, for a hearing under the Uniform Administrative Procedure Rules, N.J.A.C. 1:1-1.1 to -21.6.

On June 15, 2026, I held the hearing telephonically and closed the record.

FINDINGS OF FACT

Based upon the testimony the parties provided and my assessment of their credibility, together with the documents the parties submitted and my assessment of their sufficiency, I **FIND** the following as **FACT**:

On July 18, 2026, E.C. submitted a renewal application to Ocean County for benefits under the NJ FamilyCare program for a household of five: E.C., his spouse, and their three children. In support of his application, E.C. submitted his 2024 income tax return to Ocean County, showing an adjusted gross income of $74,953, or $6,246 per month. E.C.'s 2025 tax return was not available at the time of application.

[1] E.C.'s children remained approved for Medicaid benefits under a different State program.

E.C. is self-employed and operates several businesses and a rental property. After reviewing E.C.'s 2024 tax return, Ocean County requested more recent profit and loss statements. In response, E.C. provided information showing the following earned income for 2025: (1) average monthly income of $1,183 as a hairdresser for December 2025 and January 2026; (2) net annual income of $45,415 from title sales in 2025; and (3) net monthly rental income of $77.75 from a garage rental.

E.C. also provided information showing the following unearned income for 2025: (1) annual interest and dividends of $2,551.26 or $212.62 per month; and (2) capital gains of $27,695.63 or $2,307.97 per month. Together, E.C. had $5,045.33 in earned monthly income plus $2,520.59 in unearned monthly income for a grand total of $7,565.92 in countable monthly income.

On February 22, 2026, after receiving the notice of termination, E.C. notified Ocean County that his wife, E.C., was pregnant, and requested continuation of benefits on that basis.

CONCLUSIONS OF LAW

Medicaid is a cooperative federal and state program established by Title XIX of the Social Security Act for the purpose of furnishing medical assistance to qualified aged, blind, or disabled persons, or families with disabled children. 42 U.S.C. § 1396 et seq. Medicaid "is designed to provide medical assistance to persons whose income and resources are insufficient to meet the costs of necessary care and services." L.M. v. Div. of Med. Assistance & Health Servs., 140 N.J. 480, 484 (1995) (quoting Atkins v. Rivera, 477 U.S. 154, 156 (1986)). If a state chooses to participate in the Medicaid program, it must adopt a state plan that complies with the federal Medicaid Act and the regulations adopted by the Department of Health and Human Services. 42 U.S.C. § 1396a; Estate of G.E. v. Div. of Med. Assistance & Health Servs., 271 N.J. Super. 229 (App. Div. 1994).

Individuals age nineteen or older and under age sixty-five are eligible for benefits under NJ FamilyCare if they have household income that is at or below 133 percent of

the Federal Poverty Level (FPL). N.J.A.C. 10:78-4.1; 42 C.F.R. § 435.119 (2026). For 2026, the income limit for a family of five is $4,449. See NJ FamilyCare website.

To determine eligibility for NJ FamilyCare, self-employment income is calculated using adjusted gross income reported on the family's Federal income tax forms from the prior year as the baseline and adding back in reported depreciation, carryover loss, and net operating loss amounts that apply to the business in which the family is currently engaged. N.J.A.C. 10:78-4.3(b). Further, if the financial situation of the family has changed from the time covered by the Federal income tax form, the applicant must report more recent financial information. Ibid.

In accordance with state and federal regulation, a pregnant woman who is income eligible and enrolled in Medicaid remains eligible for the term of her pregnancy, and through the sixty-day postpartum period, without regard to changes in the household unit's income. N.J.A.C. 10:78-4.1(g)(1); 42 C.F.R. § 435.170 (2026).

In this case, the applicable income limit is $4,449. The household, however, has monthly income of $7,565.92. This is based on the profit and loss statements submitted by E.C., which provides a more recent view of the family's financial situation. Thus, E.C. is over the applicable income limit.

E.C. argues that real estate losses should be used to offset the family's total countable income. Real estate losses, however, do not affect the determination of a family's total countable income. Therefore, I must **CONCLUDE** that E.C. is over the applicable income limit and is **INELIGIBLE** for NJ FamilyCare benefits under N.J.A.C. 10:78-4.1.

Finally, E.C. argues that his wife, E.C., is entitled to continued benefits for the term of her pregnancy because she became pregnant before the termination of her benefits. E.C., however, was not income-eligible at the time she became pregnant. Therefore, I must also **CONCLUDE** that E.C. is not entitled to continued benefits for the term of her pregnancy under N.J.A.C. 10:78-4.1(g)(1).

ORDER

Given my findings of fact and conclusions of law, I **ORDER** that E.C. is income **INELIGIBLE** for benefits under N.J.A.C. 10:78-4.1.

I **FILE** this initial decision with the **ASSISTANT COMMISSIONER OF THE DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**. This recommended decision is deemed adopted as the final agency decision under 42 U.S.C. § 1396a(e)(14)(A) and N.J.S.A. 52:14B-10(f). The **ASSISTANT COMMISSIONER OF THE DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES** cannot reject or modify this decision.

If you disagree with this decision, you have the right to seek judicial review under New Jersey Court Rule 2:2-3 by the Appellate Division, Superior Court of New Jersey, Richard J. Hughes Complex, PO Box 006, Trenton, New Jersey 08625. A request for judicial review must be made within 45 days from the date you receive this decision. If you have any questions about an appeal to the Appellate Division, you may call (609) 815-2950.

Samantha L. Price

July 7, 2026
DATE

SAMANTHA L. PRICE, ALJ

Date Received at Agency: _____

Date Mailed to Parties: _____

SLP/onl

APPENDIX

Witnesses

For petitioner:

E.C., petitioner, pro se

For respondent:

Lisa Block, Human Services Specialist 3

Tammy Lang, Human Services Specialist 3

Exhibits

For petitioner:

None

For respondent:

R-1 Not in evidence

R-2 NJ Family Care Renewal Application

R-3 Magi Output Report

R-4 Profit and Loss Statement (Hairdresser)

R-5 Profit and Loss Statement (Title Sales)

R-6 Profit and Loss Statement (Garage Rentals)

R-7 Interactive Brokers Statement

R-8 Termination Notice

R-9 Not in evidence

R-10 2024 Tax Return, page 1