MIKIE SHERRILL
Governor

DR. DALE G. CALDWELL
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
Division of Medical Assistance and Health Services
P.O. Box 712
Trenton, NJ 08625

STEPHEN CHA, MD, MHSR
Commissioner

GREGORY WOODS
Assistant Commissioner

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

K.M.,

PETITIONER,

v.

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES AND OFFICE OF COMMUNITY CHOICE OPTIONS,

RESPONDENTS.

ADMINISTRATIVE ACTION

FINAL AGENCY DECISION

OAL DKT. NO. HMA 10151-26

As Assistant Commissioner for the Division of Medical Assistance and Health Services (DMAHS), I have reviewed the record in this case, including the Office of Administrative Law (OAL) case file, all evidence, and the Initial Decision. Neither party filed exceptions to the Initial Decision. The deadline for the Agency Head to issue a Final Agency Decision is September 28, 2026, pursuant to N.J.S.A. 52:14B-10, which requires

the Agency Head to adopt, reject, or modify the Initial Decision within 45 days of the agency's receipt.

The issue in this case is whether Petitioner remains clinically eligible for nursing-facility level of care (NFLOC) under the Medicaid Managed Long-Term Services and Supports (MLTSS) program.

On December 1, 2025, Petitioner was admitted to Autumn Lake at Oceanview Healthcare. ID at 1. On March 9, 2026, Horizon, Petitioner's Managed Care Organization, conducted its quarterly assessment and determined that Petitioner was no longer eligible for NFLOC. Ibid. Horizon referred the matter to the Office of Community Choice Options (OCCO) for an independent assessment. Ibid. On March 12, 2026, OCCO conducted its assessment and determined that Petitioner did not meet the clinical eligibility requirements for NFLOC under the MLTSS program. ID at 2.

OCCO's regional staff nurse, Francine Mears (Mears), RN, conducted the assessment by interviewing and observing Petitioner, reviewing Petitioner's Minimum Data Set (MDS), and speaking with the facility staff. ID at 3. During the assessment, Mears observed that Petitioner stood and walked independently, transferred from sitting to standing without assistance, was independent in eating, personal hygiene, bathing, dressing, and toileting. Ibid. Facility staff also confirmed Petitioner's independence with activities of daily living (ADLs). Ibid.

Petitioner has several medical conditions, including hypertension, asthma, fibromyalgia, bipolar disorder, ADHD, irritable bowel syndrome, hyperlipidemia, GERD, and depression. (R-9.) However, Petitioner was alert and oriented to person, place, and time, had no identified short-term or procedural memory problem, and was able to communicate their needs. Ibid. Petitioner's MDS cognitive assessment resulted in the highest score of 15. Ibid.

Petitioner did not dispute the assessment findings regarding their ADLs and cognitive functioning. ID at 4. However, Petitioner argued that their health had deteriorated and described chronic pain, urinary tract infections, foot problems, fatigue, and other medical issues. Ibid. Petitioner stated that they required some assistance with washing their feet and putting on a brace. Ibid. Petitioner also expressed their concern about losing their housing and health insurance. Ibid.

The Administrative Law Judge (ALJ) acknowledged Petitioner's significant medical conditions and concerns about housing and health insurance but determined that those circumstances did not establish a need for NFLOC. ID at 5. The ALJ found that Petitioner did not demonstrate the cognitive or medical impairments requiring nursing-facility services and was independent in all ADLs. Ibid. The ALJ specifically found that Petitioner could independently stand, walk, transfer, bathe, dress, and toilet. Ibid. The ALJ concluded that Petitioner was not clinically eligible for NFLOC. Ibid.

After reviewing the record, I agree with the ALJ's conclusion that Petitioner is not clinically eligible for NFLOC under the MLTSS program.

Eligibility for nursing facility (NF) services will be determined by the professional staff designated by the Department, based on a comprehensive needs assessment that demonstrating that the beneficiary requires NF services. N.J.A.C.166-2.1(a).

Individuals requiring NF services may have unstable medical, emotional/behavioral, and psychosocial conditions that require ongoing nursing assessment, intervention, and/or referrals to other disciplines for evaluation and appropriate treatment. Typically, adult NF residents have severely impaired cognitive and related problems with memory deficits and problem-solving. These deficits severely compromise personal safety and, therefore, require a structured therapeutic environment.

NF residents are dependent on several ADLs (bathing, dressing, toileting, transfers, locomotion, bed mobility, and eating). N.J.A.C. 10:166-2.1(a)(1).

New Jersey's NJ FamilyCare Comprehensive Demonstration requires applicants for Medicaid Managed Long-Term Services and Supports (MLTSS) to meet an NFLOC requirement. This means they need full-time care, typically provided in a nursing home, as assessed through an in-person evaluation that focuses on ADLs and cognitive function.

Further, pursuant to NJ FamilyCare Comprehensive Demonstration, Section 1115 adult (ages twenty-one and older) individuals must be clinically eligible for MLTSS services when the individual's standardized assessment demonstrates that the individual satisfied any one or more of the following three criteria:

a. The individual:

i. Requires limited assistance or greater with three or more ADLs;

ii. Exhibits problems with short-term memory and is minimally impaired or greater with decision making abilities and requires supervision or greater with three or more ADLs;

iii. Is minimally impaired or greater with decision making and, in making himself or herself understood, is often understood or greater and requires supervision or greater with three or more ADLs.

The record supports the ALJ's conclusion that Petitioner did not meet the clinical eligibility standard for NFLOC under N.J.A.C. 10:166-2.1. The March 12, 2026, OCCO assessment established that Petitioner was independent in ADLs, including bathing,

toileting, transferring, and walking. Petitioner was also alert and oriented, able to communicate, and demonstrated no significant cognitive impairment.

Petitioner testified about their medical problems. However, the existence of medical conditions alone does not establish clinical eligibility for NFLOC. The applicable regulation requires evidence of medical, cognitive, or physical impairment that necessitates ongoing nursing intervention or assistance with several ADLs. The record does not show that Petitioner meets this standard.

Moreover, Petitioner did not dispute the OCCO findings regarding their independence in ADLs and cognitive functions. Their request for additional assistance with certain tasks does not establish the level of functional dependency required by N.J.A.C. 10:166-2.1.

Therefore, I FIND that Petitioner has not demonstrated a clinical need for NFLOC pursuant to N.J.A.C. 10:166-2.1. Accordingly, I ADOPT the Initial Decision and AFFIRM OCCO's determination.

THEREFORE, it is on this 23rd day of SEPTEMBER 2026,

ORDERED:

That the Initial Decision is hereby ADOPTED.

Gregory Woods

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