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

L.G.,	
PETITIONER,	**ADMINISTRATIVE ACTION**
v.	**FINAL AGENCY DECISION**
DIVISION OF MEDICAL ASSISTANCE	**OAL DKT. NO. HMA 06186-25**
AND HEALTH SERVICES AND	**&** **OAL DKT. NO. HMA 11259-25**
MERCER COUNTY BOARD	**(CONSOLIDATED)**
OF SOCIAL SERVICES,	
RESPONDENTS.	

As Assistant Commissioner for the Division of Medical Assistance and Health Services (DMAHS), I have reviewed the record in this case, including the Initial Decision and the Office of Administrative Law (OAL) case file. Petitioner filed exceptions in this matter. Procedurally, the time period for the Agency Head to file a Final Agency Decision is September 21, 2026, pursuant to an Order of Extension.

This matter arises from the Mercer County Board of Social Services' (Mercer County) February 12, 2025, denial of Petitioner's Medicaid application for failure

to provide documentation necessary to determine eligibility. Petitioner requested a Fair Hearing. Thereafter, Petitioner filed a new application, which was approved. Petitioner requested a Fair Hearing to challenge the effective date of eligibility. On October 28, 2025, at the request of both parties, the cases were consolidated. ID at 3. A Fair Hearing was held and an Initial Decision was entered on June 23, 2025, affirming Mercer County's denial of Petitioner's first application and Mercer County's determination of the effective date of eligibility for the second application.

Both the County Welfare Agency (CWA) and the applicant have responsibilities with regard to the application process. N.J.A.C. 10:71-2.2. Applicants must complete any forms required by the CWA; assist the CWA in securing evidence that corroborates his or her statements; and promptly report any change affecting his or her circumstances. N.J.A.C. 10:71-2.2(e). The CWA exercises direct responsibility in the application process to inform applicants about the process, eligibility requirements, and their right to a fair hearing; receive applications; assist applicants in exploring their eligibility; make known the appropriate resources and services; assure the prompt accurate submission of data; and promptly notify applicants of eligibility or ineligibility. N.J.A.C. 10:71-2.2(c) and (d). CWAs must determine eligibility for Aged cases within forty-five days and Blind and Disabled cases within ninety days. N.J.A.C. 10:71-2.3(a) and 42 CFR § 435.912. The timeframe may be extended when documented exceptional circumstances arise preventing the processing of the application within the prescribed time limits. N.J.A.C. 10:71-2.3(c). The regulations do not require that the CWA grant an extension beyond the designated time period when the delay is due to circumstances outside the control of both the applicant and the CWA. At best, an extension is permissible. N.J.A.C. 10:71-2.3; S.D. v. DMAHS and Bergen County Board of Social Services, No. A-5911-10 (App. Div. February 22, 2013).

The facts established during the Fair Hearing are as follows: On December 31, 2024, Petitioner filed a Medicaid application and after reviewing the application, Mercer County sent a Request for Information letter to Petitioner on January 9, 2025, with information to be provided by January 23, 2025. (P-3). On January 22, 2025, Shana Akerman, Petitioner's Designated Authorized Representative (DAR), contacted Mercer County to request an extension of time, which was granted, with February 6, 2025, set as the deadline. (P-5). On February 6, 2025, Ms. Akerman contacted Mercer County and requested a second extension. Her email stated, "I have almost everything for the case. I'm getting stuck on all the husbands bank statements. We called the bank multiple times and finally got his statement but they did not include his saving statements. I called twice today already and I hope to receive them shortly. Is there a way that you can give another extension?" (P-5). Later that day, Ms. Akerman sent another email to Mercer County that said, "Please find the attached documents. There are more coming." (P-6). The next day, February 7, 2025, Mercer County replied, "Info Received." Ibid. On February 10th and February 11th, Mercer County asked multiple follow-up questions about Petitioner's marriage and husband, which Ms. Akerman answered, along with a long update from Ms. Akerman as to the status of the documents requested in the Request for Information letter. (P-7). On February 12th, Mercer County concluded an email stating, "I'm sorry, I won't be able to hold on to the case. I will have to deny the case and a new app will need to be submitted." Ibid. On February 12, 2025, Mercer County issued a denial letter to Petitioner for failure to provide requested information required to determine eligibility in a timely manner pursuant to 42 CFR 435.952. (P-12). On February 28, 2025, Petitioner submitted a second application for benefits. (P-13). On April 15,

2025, Petitioner's February 28, 2025, application was approved, with an effective date of eligibility of March 1, 2025. (P-15).

In the Initial Decision, the Administrative Law Judge (ALJ) concluded that the record demonstrated that, following receipt of the January 9, 2025, and January 23, 2025, RFI letters, Petitioner's representative made efforts to supply the missing information and attempted to engage in ongoing communication with Mercer County, but that Petitioner failed to provide the information in a timely manner despite receiving an extension. ID at 9. The ALJ went on to state that since a sufficient explanation was not received until after the extended deadline, Mercer County was within its rights to deny the second extension request and subsequently deny the application on February 12, 2025. Ibid. Additionally, the ALJ concluded that pertaining to the second application, Mercer County's effective date of benefits was correct because the record demonstrated that Petitioner's inability to account for certain withdrawals and deposits in the provided bank accounts warranted a penalty period. ID at 10.

The Initial Decision states that the recommended decision of the Office of Administrative Law, should be deemed adopted as the Final Agency Decision, pursuant to 42 U.S.C. § 1396(e)(14)(A) and N.J.S.A. 52:14B-10(f) and that "the Assistant Commissioner of the Division of Medical Assistance and Health Services cannot reject or modify this decision." ID at 11. The October 2, 2023, waiver which allows for the acceptance of an Initial Decision without head of agency review in certain cases, only applies to the following cases: 1) beneficiary is over the income limit, 2) beneficiary is over the resource limit, or 3) beneficiary has failed to provide the information requested to determine eligibility. Here, the ALJ erred in rendering this case as a final decision because, while the one issue is a "failure to provide" case, the other issue involves the effective date of eligibility rather than any of the three scenarios set forth above. As

such, this matter must be handled consistently with the standard established for the fair hearing process. N.J. Stat §52:14B-10.

Petitioner filed exceptions to the Initial Decision, which argued two main points. First, that Petitioner should have been granted another extension because she was working to obtain the requested documents and was cooperating in good faith with Mercer County. Petitioner argues that 42 CFR 435.952 states that the agency must provide the individual a reasonable period to furnish any additional information required. Petitioner also argues that the New Jersey regulation containing the "forty-five day rule" was clearly drafted as a shield to protect applicants from unwarranted obstructions in their medical coverage caused by a County's delays in processing, not to be wielded as a sword to create an arbitrary deadline for an applicant making good faith efforts to cooperate with the agency and being stymied by a third-party. Petitioner went on to cite a number of final agency decisions that espouse the position that where an applicant is cooperating in good faith and the length of time is due to the need to obtain certain documentation from a third party, the CWA should extend the time for providing the requested information. The second main point argued in Petitioner's exceptions is that the ALJ's conclusion regarding the effective date of eligibility does not address Petitioner's argument. Petitioner's argument that the effective date was incorrect was not based on the penalty period. Petitioner states that they did not dispute the penalty period at all. Petitioner argues that the approval of the second application should have been effective, and the penalty period to begin from, the date of the application, pursuant to N.J.A.C. 10:71-2.3. However, 10:71-2.3 does not address the date of eligibility This section addresses prompt disposition. The date an applicant is found eligible cannot be based solely on the date of application (or the date of the PA-1C, a form not relevant in the matter at hand).

Starting with the failure to provide issue, I disagree with the Initial Decision. The evidence in the record shows that there was an ongoing exchange of information between the parties and Petitioner was actively attempting to comply with Mercer County's requests. Medicaid Communication No. 10-09 provides in pertinent part:

> [E]xceptional circumstances can arise in determining eligibility for Medicaid. Therefore, if the applicant or their representative continues to cooperate in good faith with the Agency, an extension of the time limit may be permitted. If the applicant or their representative continues to fail to provide the requested information, or fails to act within the spirit of cooperation, a denial letter with applicable New Jersey Administrative Code citations must be sent to the applicant.

The evidence shows that on February 6, 2025, Ms. Akerman gave a thorough explanation as to the status of the requested documents, her efforts to obtain them, and requested an extension of time to continue her efforts. This was on the date listed as the deadline in the Request for Information letter and before the denial date of February 12, 2025. Mercer County's response was to deny the request for an extension, which included a statement that Mercer County would not be able to grant an extension as an extension was already granted.[1] Petitioner should have been provided "a further opportunity to develop additional evidence of eligibility before final action on his or her application." N.J.A.C. 10:71-2.3(c)(2).

Turning to the effective date of eligibility, the evidence shows that the application was received by Mercer County on February 28, 2025. Mercer County determined the effective date of eligibility as March 1, 2025, based on the Medical Review Team approving the PA-5 form in March 2025. Petitioner argues that N.J.A.C. 10:71-2.3

[1] It is unclear whether this statement means that, based on the facts of this particular application, a second extension was not appropriate, or that Mercer County has a policy to deny all second request for extensions. Each request for an extension must be analyzed in accordance with the applicable regulations. A blanket policy to deny all second request for extensions would be inappropriate.

states that with an approved application, the date of approval is the date of the application. This language is simply referring to the definition of the "date of effective disposition" in reference to the 45/90-day guidelines contained in N.J.A.C. 10:71-2.3. It does not mean that the date of approval shall be the date of the application. In order for an ABD (Aged Blind Disabled) MLTSS application to be approved, an applicant must show both financial and clinical eligibility as well as have a disability determination (if under the age of 65). Therefore, the date of approval is not always the date of the application.

In this matter, the application was received by Mercer County on February 28, 2025, and Mercer County determined the effective date of eligibility as March 1, 2025, because the Medical Review Team approved the PA-5 form in March 2025. I agree with Mercer County's determination that the effective date of eligibility is March 1, 2025, which is the first day in the month in which the Petitioner was found to be financially, clinically and categorically eligible. Categorical eligibility was not met until March 2025 when the Medical Review Team deemed the Petitioner to be disabled.

In conclusion, even though Petitioner should have been granted an extension on the December 31, 2024, application, Petitioner was not found disabled until March 2025, and therefore the effective date of eligibility cannot be earlier than March 1, 2025. Thus, based on the record before me and for the reasons enumerated above, I hereby REVERSE the Initial Decision in part.

THEREFORE, it is on this 21st day of SEPTEMBER 2026,

ORDERED:

That the Initial Decision is hereby REVERSED in part; and

That the effective date of Petitioner's eligibility is March 1, 2025. As Petitioner cannot be found eligible earlier than March 1, 2025, the denial of Petitioner's December 2024 application is moot.

Gregory Woods

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