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

M.H.,	
PETITIONER,	**ADMINISTRATIVE ACTION**
v.	**FINAL AGENCY DECISION**
UNION COUNTY DEPARTMENT OF HUMAN SERVICES AND DIVISION OF MEDICAL ASSISTANCE,	**OAL DKT. NO. HMA 02253-26**
RESPONDENTS.	

As Assistant Commissioner for the Division of Medical Assistance and Health Services (DMAHS), I have reviewed the record in this case, including the OAL case file, the documents in evidence, and the Initial Decision in this matter. No exceptions were filed in this matter. Procedurally, the time period for the Agency Head to render a Final Agency Decision is July 23, 2026.

This matter arises from the imposition of a transfer penalty on Petitioner's receipt of Medicaid benefits. By letter dated October 17, 2025, the Union County Department of Human Services' (Union County) granted Petitioner's June 30, 2025, Medicaid application with an effective date of March 1, 2025. However, a penalty of 141 days was assessed resulting from the transfer of assets, totaling $56,987.94. R-5. The transfer of assets stems from the proceeds Petitioner received from the sale of Petitioner's condominium. ID at 4.

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. 10:71-4.10(i)2.

By way of background, Petitioner has resided in a nursing facility since 2018. ID at 3. Petitioner's condominium was not included in the resource determination for eligibility because it was listed for sale in 2019. Ibid. Petitioner's Medicaid eligibility remained active in 2020 through 2023 during the COVID pandemic. Ibid. In April 2024, Union County requested proof that the condominium had been sold and requested information on how the proceeds were distributed. Ibid. That information was not provided and Union County terminated Petitioner's Medicaid coverage effective June 30, 2024. Ibid. Thereafter, on July 15, 2024, Petitioner provided an executed sales contract. Ibid. On June 30, 2025, J.J., Petitioner's son and Power of Attorney reapplied for Medicaid on behalf of Petitioner. Ibid. By letter dated August 13, 2025, Petitioner was notified that she was being assessed a period of ineligibility for transferring the proceeds of $56,987.94 from the sale of her home to J.J.'s business account. R-5.

During the Office of Administrative Law (OAL) hearing, J.J., testified on Petitioner's behalf. J.J. explained that prior to selling the property he obtained a fair market analysis to ensure the property was sold for fair market value. ID at 4. J.J. also explained that he paid the property expenses to prevent foreclosure and maintain the property after Petitioner entered the nursing facility. Ibid. J.J. stated that there was no written agreement but there was a verbal agreement between Petitioner and his sister that he would pay the mortgage, association dues, insurance, and make repairs in exchange for the proceeds. Ibid. J.J. provided canceled checks and business bank statements which show that he paid $44,609.50 from 2021 through 2024. Ibid. Included in the $44,609.50 amount was a payment of $350 for an appraisal and $1,819.50 for water damage repairs that occurred in 2019. Ibid. J.J. sold the property on his own and reported that he could have claimed over $20,000 in property management fees. Ibid. J.J. also explained that he did receive an offer to sell the property after Petitioner entered the nursing home, but that the offer was well below market value. ID at 5. J.J. also explained that the tenant moved out in May 2020. Ibid. J.J. explained that he notified Union County about the condition of the property and challenges he faced selling or renting the property. Ibid.

In the Initial Decision the ALJ determined that J.J. lacked credibility, sound logic and his actions were misguided. Ibid. The ALJ also determined that the evidence Petitioner presented fails to show that the condominium could not be rented or sold to defray related expenses. ID at 10. The ALJ discussed the fact that Petitioner was expected to sell the condominium when she first applied to Medicaid but failed to do so. Ibid. The ALJ also discussed that Petitioner was not considered over resourced because the property was listed but that the next listing did not occur until 2024. Ibid. The ALJ discussed that holding on to property to get a better price before selling was not an adequate justification and that J.J. paid expenses on the property "at his own peril." Ibid. The ALJ discussed that Petitioner received no proceeds from the sale which could have been as a resource for her care and that Petitioner had no other means of support other than receipt of Medicaid benefits. Ibid. Ultimately, the ALJ concludes that no undue hardship existed because Petitioner would not be deprived of life necessities and that obtaining Medicaid was a factor in transferring the sale of the property proceeds to J.J. Ibid. I agree. The property at issue was Petitioner's primary residence. Petitioner, through J.J. sold the property and realized a $56,987.94 capital gain on the sale which was transferred to J.J.'s business account rather than to Petitioner for her benefit. ID at 4. While J.J. alleged in his emails to Union County that the property was uninhabitable and that attempts had been made to sell it, J.J. failed to provide any supporting documentation for those claims before the property was sold in 2024. R-7, R-8. In addition, Petitioner failed to provide any supporting documentation that a foreclosure of the property was imminent. ID at 4. As such, Petitioner has failed to provide any documentation showing that the transfer was made solely for any other reason than to qualify for Medicaid.

Thus, based on the record before me and for the reasons enumerated above, I hereby ADOPT the Initial Decision and FIND that the one hundred forty-one-day transfer penalty-imposed resulting from the transfer of assets totaling $56,987.94 was appropriate.

Thus, I hereby ADOPT the Initial Decision.

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

ORDERED:

That the Initial Decision is hereby ADOPTED.

Gregory Woods

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