State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION
OAL DKT. NO. HMA 03655-26
AGENCY DKT. NO. N/A

R.B.,
Petitioner,
v.
DIVISION OF MEDICAL ASSISTANCE AND HEATH SERVICES,
Respondent.

R.B., petitioner, pro se

Judith Coles, Program Support Specialist, for respondent pursuant to N.J.A.C. 1:1-5.4(a)(3)

Record Closed: June 15, 2026 Decided: July 1, 2026

BEFORE **JOHN K. MALONEY,** ALJ:

STATEMENT OF THE CASE

Petitioner R.B. was denied Medicaid because the household's monthly income exceeded the maximum monthly income limit. Is a petitioner whose household income exceeds 138% of the federal poverty level for the applicable family size eligible for Medicaid Only coverage? No. At the time of his application, the modified adjusted gross

income (MAGI) limit for a household of four was $3,698; petitioner's monthly household income was $10,916.00. 42 CFR § 435.119(b)(5); 42 CFR § 435.118(c)(2)(i).

PROCEDURAL HISTORY

On May 29, 2025, R.B. applied for Medicaid Only coverage for his family of four.

On October 8, 2025, the Division of Medical Assistance and Health Services (DMAHS) denied coverage. On October 22, 2025, R.B. requested a fair hearing. On March 4, 2026, DMAHS transmitted the case to the Office of Administrative Law (OAL) as a contested case under N.J.S.A. 52:14B-1 to -15 and 14F-1 to -13.

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

FINDINGS OF FACT

On May 29, 2025, R.B. applied for Medicaid Only coverage for his family of four and was denied for being over income. Judith Coles, a program support specialist for DMAHS, explained that to determine eligibility, the agency used R.B.'s 2023 federal income tax returns, which he jointly filed with his wife, K.B. The tax return showed a combined monthly income of $25,498. Under federal regulations, the maximum MAGI for a family of four is $3,698, which equates to 138% of the federal poverty level. 42 CFR § 435.119(b)(5); 42 CFR § 435.118(c)(2)(i).

R.B. and K.B. both testified that their monthly income at the time of application was only $2,708, which included K.B.'s income of $1,278 per month and disbursements from their investments of $1,438 per month. At the time of application, R.B. and his wife had not yet filed their 2024 tax returns because they were on extension. Significantly, R.B. had become unemployed at the end of 2023 and exhausted his twenty-six weeks of unemployment benefits in the first half of 2024. R.B. did not return to work until March 2026.

R.B. and K.B. both testified that K.B. is self-employed and that her annual income of $15,228, as reflected in her 2023 tax return, remained unchanged in 2024 and 2025. In his Medicaid application, R.B. wrote that he had "no work income" and disclosed the monthly investment income. Beyond his lone statement that he had "no work income," R.B. never disclosed his unemployment status or his collection of unemployment benefits in 2024.

When asked about these non-disclosures, R.B. answered that he had provided all the requested documentation and that his unemployment benefits had ended in 2024. To R.B., those facts were inapplicable to his eligibility for Medicaid in May 2025. R.B. provided no documentation to support his claims before or during the hearing.

Between March 31, 2025, and April 30, 2025, before he applied for Medicaid, R.B. withdrew $98,500 from a Vanguard investment account. R.B. testified that although the Vanguard account is an investment account and not legally defined as a retirement account, he and K.B. intended it for their retirement. When asked about the withdrawal, R.B. answered with his belief that the $98,500 is not taxable income, that it should not be counted as income, and that, as best he could recall, he used the money to pay down his mortgage.

As noted above, R.B. and K.B. admitted to a monthly income of $2,708 in earned and unearned income. Dividing the $98,500 April 2025 withdrawal over the twelve-month period prior to R.B.'s application in May 2025 yields a monthly total of $8,208 per month. When added to the $2,708, R.B.'s and K.B.'s includable income averages to $10,916 a month. That total is well in excess of the maximum MAGI of $3,698 for a family of four.

DMAHS indicated that the only potential relief for the petitioners consists of the following: (1) the petitioners would submit documentation from medical providers for all treatment for the household during the period between application and the current hearing; (2) approved medical expenses would then be paid to the medical providers; and (3) the medical providers would then be responsible to re-imburse those costs to the petitioners. R.B. immediately indicated that doing so would be too burdensome and time-consuming and that he had no interest in pursuing reimbursement in that manner.

R.B. estimated that, since the denial of Medicaid, he had spent between $14,000 and $15,000 to obtain health insurance coverage and to pay medical costs. Despite having advanced notice of the hearing date, R.B. submitted no documents prior to the hearing to support this claim and testified that he had neither gathered nor prepared any evidence for the hearing.

I **FIND** that DMAHS's initial calculation of petitioner's monthly income of $25,438 was incorrect, as it relied on seventeen-month-old data and did not reflect petitioner's unemployment at the time of application. However, the documentation supplied by petitioner revealed an income source that DMAHS missed but which was confirmed as accurate by petitioner – the $98,500 voluntary withdrawal from his Vanguard investment account. Once divided by twelve, this withdrawal, when added to the petitioner's admitted and confirmed earned and unearned income of $2,708, equates to a monthly average income of $10,916, well above the permissible limit.

CONCLUSIONS OF LAW

The sole issue under consideration is whether petitioner qualified for Medicaid Only under N.J.A.C. 10:71-5.1. The Medicaid Only Program defines income as "[the] receipt, by the individual, of any property or service which he or she can apply, either directly or by sale or conversion, to meet his or her basic needs for food or shelter. All income, whether cash in hand or in-kind, shall be considered in the determination of eligibility, unless exempt under the provisions of N.J.A.C. 10:71-5.3." N.J.A.C. 10:71-5.1(b).

N.J.A.C. 10:71-5.3 provides an extensive list of income exclusions. None of which applies to a voluntary withdrawal of funds from an investment account. Furthermore, N.J.A.C. 10:71-5.4(a) informs that "[a]ny income which is not specifically excluded under the provisions of N.J.A.C. 10:71-5.3 shall be includable in the determination of countable income."

R.B.'s insistence that the withdrawn funds are not considered taxable is irrelevant. In determining Medicaid Only eligibility, N.J.A.C. 10:71-5.1, -5.3 and -5.4 control. The

withdrawn funds meet the definition of income under N.J.A.C. 71:5-1(b), and none of the exclusions found in N.J.A.C. 71:5-3 apply. Thus, the withdrawn funds are counted as income.

DMAHS calculated petitioner's monthly income incorrectly by utilizing out-of-date earned-income data and failed to consider R.B.'s statement regarding having no earned income. However, DMAHS missed his $98,500 voluntary withdrawal from his investment account. Thus, I "agree with the result reached by the" agency "but. . . differ with the reason given." West Jersey-Parkside Trust Co. v. Ledyard, 104 N.J. Eq. 460, 461 (1929); see New Jersey Educ. Ass'n v. State, 412 N.J. Super. 192, 204 (App. Div. 2010) (Court affirmed dismissal of judgment but for reasons other than those stated by the Law Division); see also Ellison v. Evergreen Cemetery, 266 N.J. Super. 74, 78 (App. Div. 1993) ("[A]n order or judgment will be affirmed on appeal if it is correct, even though the judge gave the wrong reasons for it"). This withdrawal places R.B.'s monthly average income well above the allowable limit.

Based on the facts set forth above, I **CONCLUDE** that R.B. does not qualify for Medicaid Only due to his household income exceeding the maximum eligibility limit.

ORDER

I **ORDER** that petitioner's application for Medicaid Only is **DENIED**.

I FILE this 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.

July 1, 2026
DATE

JOHN K. MALONEY, ALJ

Date Received at Agency: _____

Date Mailed to Parties: _____

JKM/kl

APPENDIX

Witnesses

For petitioner:

R.B.

K.B.

For respondent:

Judith Coles

Exhibits

For petitioner:

None

For respondent:

R-A	NJ FamilyCare Application
R-B	Application Received Letter
R-C	Supporting documentation
R-D	Missing Information Letter
R-E	Supporting documentation
R-F	Eligibility Outcome Letter
R-G	Fair Hearing Request
R-H	Fair Hearing Acknowledgement