



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

OAL DKT. NO. HMA 00047-26

AGENCY DKT. NO. N/A

R.G.,

Petitioner,

v.

**DIVISION OF MEDICAL ASSISTANCE
AND HEALTH SERVICES,**

Respondent.

R.G., petitioner, pro se

Judith Coles, New Jersey FamilyCare Support Specialist, for respondent under
N.J.A.C. 1:1-5.4(a)(2)

Record Closed: March 31, 2026

Decided: April 21, 2026

BEFORE **MARY ANN BOGAN,** ALJ:

STATEMENT OF THE CASE

Petitioner R.G.'s NJ FamilyCare Medicaid benefit renewal application was terminated by respondent, the Division of Medical Assistance and Health Services (DMAHS). Petitioner lives with his wife and two children. Respondent determined that the previous benefit awards were previously miscalculated because the household

composition is three, not four. Petitioner is over income for a household composition of three, but he is not over income for a household composition of four. Is petitioner's household unit three persons or four persons? The household unit is four persons, making petitioner eligible for benefits.

PROCEDURAL HISTORY

On July 25, 2025, the DMAHS issued a Notice of Eligibility terminating R.G.'s renewal for NJ FamilyCare health coverage.

On January 2, 2026, the DMAHS transmitted the case to the Office of Administrative Law under the Administrative Procedure Act, N.J.S.A. 52:14B-1 to -15, and the act establishing the Office of Administrative Law, 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.

The hearing was conducted on March 31, 2026, and the record closed.

FINDINGS OF FACT

Judith Coles is an employee of NJ FamilyCare State Monitoring and testified on behalf of the DMAHS. She testified that petitioner's Modified Adjusted Gross Income (MAGI) income totals \$3,612, which is over income for a household composition of three. On July 25, 2025, the agency terminated petitioner's renewal application for NJ FamilyCare benefits. The household unit consists of R.G., his wife, and two children. The DMAHS takes the position that even though the husband and wife live in the same household together with their two children, since they file federal income taxes as married filing separately, the household unit size calculation is three.

R.G. disputes the household unit calculation. He does not dispute the income provided.

CONCLUSIONS OF LAW

In 2014, New Jersey expanded its existing Medicaid program in accordance with the Patient Protection and Affordable Care Act (ACA), Pub. L. No. 111-148, 124 Stat. 119 (2010). See N.J. Dep't of Human Servs., Div. of Med. Assistance & Health Servs., Medicaid Communication No. 14-12, Affordable Care Act Eligibility Information (Nov. 17, 2014) <https://www.nj.gov/humanservices/dmahs/info/resources/medicaid/#14>. Pursuant to the ACA and in order to receive federal funds, New Jersey expanded its NJ FamilyCare program to provide health insurance to previously ineligible adults with income up to 138 percent of the poverty level. Id. at 8. It also established a new method for counting income based on an applicant's modified adjusted gross income (MAGI). Id. at 6; 42 § C.F.R. 435.603 (2025). MAGI is calculated using the same financial methodologies used to determine modified adjusted gross income as defined by the Internal Revenue Service code. 42 C.F.R. § 435.603(e) (2025).

More specifically, MAGI calculations are based on an applicant's household composition and the household member's adjusted gross income, minus allowable deductions. Medicaid Communication No. 14-12. The head of household's income and his or her spouse's income are always counted in the household. Ibid. After determining whose income is counted in the household, the steps for determining MAGI for each individual are as follows: first, determine if any types of income need to be excluded from MAGI (e.g., child support, SSI, etc.); second, determine what income is included in MAGI (e.g., wages, salaries, tips, taxable interest, etc.); third, subtract any allowable deductions. Id. at 7-8. An "IRA Deduction" is an allowable deduction. Id. at 8.

In this case, the household is comprised of R.G., his spouse, and their two children. Therefore, I **CONCLUDE** that R.G.'s household totals four people and the monthly MAGI income is less than the applicable program limit for NJ FamilyCare health coverage at \$3,612 per month.

Therefore, for all the foregoing reasons, I **CONCLUDE** that petitioner qualifies for NJ FamilyCare health coverage.

ORDER

Given my findings of fact and conclusions of law, I **ORDER** that R.G.'s NJ FamilyCare health coverage be reinstated.

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.

April 21, 2026

DATE

Date Received at Agency:

Date Mailed to Parties:

MAB/gd



MARY ANN BOGAN, ALJ

APPENDIX

Witnesses

For petitioner:

R.G.

For respondent:

Judith Coles

Exhibits

For petitioner:

None

For respondent:

R-1 Agency packet