



State of New Jersey

DEPARTMENT OF HUMAN SERVICES

Division of Medical Assistance and Health Services

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Commissioner

GREGORY WOODS
Assistant Commissioner

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

R.M.,

PETITIONER,

v.

DIVISION OF MEDICAL ASSISTANCE :
AND HEALTH SERVICES AND :
GLOUCESTER COUNTY DIVISION OF :
SOCIAL SERVICES, :
RESPONDENTS. :

ADMINISTRATIVE ACTION

FINAL AGENCY DECISION

OAL DKT. NO. HMA 17883-25

As Assistant Commissioner for the Division of Medical Assistance and Health Services, I have reviewed the record in this case, including the Initial Decision and the Office of Administrative Law (OAL) case file. Neither party filed exceptions in this matter. Procedurally, the time period for the Agency Head to render a Final Agency Decision is May 29, 2026, in accordance with N.J.S.A. 52:14B-10 which requires an Agency Head to adopt, reject, or modify the Initial Decision within 45 days of the agency's receipt.

This matter arises from the imposition of a transfer penalty on Petitioner's receipt of Medicaid benefits. By letter dated September 30, 2025, the Gloucester County Division

of Social Services (Gloucester County) advised Petitioner that a penalty of 244 days was assessed on Petitioner's receipt of Medicaid benefits resulting from the transfer of assets totaling \$98,664.54 for less than fair market value, during the five-year look-back period. (R-1). Petitioner appealed the transfer penalty. The Initial Decision found that Petitioner had failed to rebut the presumption that \$98,664.54 in transfers were done for the purposes of qualifying for Medicaid benefits.

In determining Medicaid eligibility for someone seeking institutionalized benefits, counties must review five years of financial history. Under the regulations, "[i]f an individual, or his or her spouse . . . (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.

In this matter, in 2010, prior to entering a nursing home and applying for MLTSS, Petitioner's brother conveyed his interest in a family property to Petitioner under the condition that when the property was eventually sold, Petitioner would compensate his brother for his portion of the ownership in the property, which at that time was determined to be \$75,000. (R-1 at 73). There was no written agreement memorializing this arrangement. ID at 3.

During the fair hearing, Petitioner's brother testified that he later discovered that Petitioner had allowed the property to fall into deplorable conditions. ID at 3. In July 2021, Petitioner was moved into an assisted living facility. Ibid. On July 31, 2021, Petitioner wrote a check to his brother in the amount of \$30,000. (R-1 at 61-62). Petitioner's brother testified that this money was used to pay contractors to clean and make repairs to the property and to purchase furniture for Petitioner. Ibid. There were no receipts presented to support these assertions. Ibid. Petitioner also transferred his shares of AT&T stock, worth \$68,664.42¹ to his brother to satisfy his obligation to his brother. (R-1 at 65-72). On December 1, 2024, Petitioner sold the property for \$2,500. ID at 3. Petitioner's brother testified that none of the transactions were made in contemplation of applying for Medicaid, rather it was to satisfy Petitioner's obligation for the 2010 transfer of the property and to pay to clean and fix up the property prior to the sale. ID at 4.

In the Initial Decision, the Administrative Law Judge (ALJ) found that there was not sufficient evidence presented by Petitioner to support the two transfers in question. ID at 7-8. Specifically, there was no written proof of the agreement related to the transfer of

¹ Gloucester County's calculation of the value of the AT&T stock is \$68,664.54, a difference of \$.12.

the property back in 2010 and there was no evidence, such as receipts or invoices, related to the repairs and/or cleaning done at the property prior to the sale in December 2024. Ibid. The ALJ concluded that Petitioner did not satisfy his burden of rebutting the presumption that the assets were transferred to establish Medicaid eligibility by presenting convincing evidence that the assets were transferred exclusively for some other purpose. ID at 8. Therefore, the ALJ upheld the imposed transfer penalty in the amount of \$98,664.42. Ibid. I agree.

As noted above, N.J.A.C. 10:71-4.10(c) states that when “an individual or his or her spouse ... 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 will be assessed. Petitioner has failed to present any documentation to support a finding that the transfers were solely for a reason other than to establish Medicaid eligibility.

Thus, based on the record before me and for the reasons enumerated above, I hereby ADOPT the Initial Decision and FIND that a transfer penalty of 244 days was appropriate.

THEREFORE, it is on this 28th day of MAY, 2026

ORDERED:

That the Initial Decision is hereby ADOPTED.



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