



State of New Jersey

DEPARTMENT OF HUMAN SERVICES

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

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

A.G.,

PETITIONER,

v.

DIVISION OF MEDICAL ASSISTANCE

AND HEALTH SERVICES AND

SOMERSET COUNTY BOARD OF

SOCIAL SERVICES,

RESPONDENTS.

ADMINISTRATIVE ACTION

FINAL AGENCY DECISION

OAL DKT. NO. HMA 00579-16

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 OAL case file. No exceptions were filed in this matter. Procedurally, the time period for the Agency Head to render a Final Agency Decision is April 5, 2021 in accordance with an Order of Extension.

This matter arises from the termination of Petitioner's Medicaid benefits due to her failure to fully disclose and provide information that was necessary to redetermine eligibility. On November 17, 2015, the Somerset County Board of Social Services (SCBSS) issued a

decision to terminate Petitioner's benefits effective December 31, 2015.¹ On December 18, 2015, Petitioner appealed this determination, stating that she had provided the requested documentation, and the matter was transmitted to the Office of Administrative Law for a hearing. Based upon the information that was provided by Petitioner and an investigation performed after the date of the decision to terminate Petitioner's benefits, SCBSS concluded that Petitioner's household income additionally exceeded the income limits to qualify for benefits. Based upon my review of the record, I hereby ADOPT the findings, conclusions, and recommended decision of the Administrative Law Judge (ALJ) in their entirety and incorporate the same herein by reference.

As part of the redetermination process for medical benefits, Petitioner submitted eligibility verification documents that SCBSS deemed incomplete. ID at 2. SCBSS subsequently terminated Petitioner's benefits based upon Petitioner's failure to provide requested documentation. After Petitioner appealed the termination of benefits and during the pendency of the present appeal, SCBSS conducted an investigation into Petitioner's finances and requested additional documentation from Petitioner. Ibid. While Petitioner provided additional documentation at some point during the appeal, SCBSS still deemed the documentation provided incomplete, as it alleged that the documentation did not reflect an accurate accounting of Petitioner's income. Id. at 2-3.

However, based upon the incomplete information that SCBSS did receive from Petitioner, it was determined that Petitioner's income exceeded the income limit for a family of five to qualify for benefits.² Specifically, SCBSS found that the client's husband, S.G., is

¹ As this is an aged case and to ensure compliance with the Maintenance of Effort required under the Families First Coronavirus Response Act (FFCRA), I take notice that DMAHS records show a subsequent termination of benefits occurred in 2018 and Petitioner was not receiving benefits on March 1, 2020.

² In 2016, the income limit for a family of five to qualify for benefits was \$3,271. See Medicaid Communication No. 16-03, February 22, 2016, https://nj.gov/humanservices/dmahs/info/resources/medicaid/2016/16-03_2016_Increased_Income_Eligibility_Standards.pdf.

the owner of an LLC, under which, he is the sole member and operator of a gas station and convenience store. Id. at 2. S.G. also identified himself as an employee of the LLC. Ibid. The information presented by Petitioner and her husband in relation to the LLC showed that the LLC leased a gas station, consisting of a convenience store, the retail sale of gasoline and dispensing operation, and repair bays. Id. at 2-3. SCBSS requested verification of business and personal bank accounts to obtain an accurate accounting of expenses for business. Id. at 3. However, S.G. alleged that the invoices that he provided to SCBSS, which showed expenses for the gas station portion of the business alone, were incorrect and that there were more invoices and expenses. Id. at 3. Nevertheless, neither Petitioner nor S.G. provided additional documentation related to the gas station expenses or any documentation related to income that was generated from the convenience store or the bays. Id. at 3-4. Based upon the information received, SCBSS took the average income amounts for December 2015, January 2016, and February 2016 to determine that the income for the gas station portion of the business alone was \$22,439.57 or \$7,479 per month. Id. at 3.

At the hearing in this matter, Petitioner testified that there were credit card expenses and that the insurance for the convenience store and the lease were expensive; however, Petitioner failed to provide any further documentation showing expenses for the gas station. Id. at 4. Petitioner additionally stated that she has worked for Wendy's since 2011; however, Petitioner never disclosed that information to SCBSS and no proof of income was provided. Ibid.

While Petitioner and S.G. provided copies of their 2015 income tax filings, the ALJ found that it was not sufficiently demonstrated that S.G. only earned \$10,400 for 2015 as an employee of the LLC. Ibid. The ALJ additionally found the adjusted gross income reported on Petitioner and S.G.'s personal tax return of \$23,636 was not verified. Ibid. Based upon the information that was presented, the ALJ found that SCBSS could only determine Petitioner's income based on the three months of invoices and expenses provided, and

therefore, Petitioner's income was over the income limit to qualify for benefits. Id. at 6. I concur.

The Affordable Care Act regulations established the method for counting income based upon an applicant's Modified Adjusted Gross Income (MAGI). The countable income for MAGI is gross income according to the Internal Revenue Service Code. See 42 CFR § 435.603. Moreover, Medicaid eligibility is determined prospectively based on the information provided at the time of application or redetermination. Here, Petitioner failed to provide the requested documentation during the annual redetermination of her Medicaid benefits, causing her benefits to be terminated. While Petitioner has subsequently provided documentation, including Petitioner and S.G.'s personal and business tax returns for 2015, SCBSS could only determine Petitioner's income based upon the documentation provided by Petitioner during the redetermination. Since the requested documentation was never presented, SCBSS appropriately terminated Petitioner's benefits.

Additionally, the MAGI method of income calculation does not negate a state's responsibility to verify income or to ensure that only eligible individuals receive benefits. 42 CFR § 435.940. Therefore, although Petitioner did subsequently supply her and S.G.'s personal and business tax returns for 2015, SCBSS's review of Petitioner's income is not solely limited to this information in determining Petitioner's eligibility for benefits. S.G.'s statements to SCBSS that he was an employee and only received \$200 per week triggered the investigation initiated by SCBSS. ID at 3. SCBSS's investigation resulted in the discovery that S.G. actually owned the business to which he stated he was an employee. Ibid. Due diligence required that SCBSS request documentation from Petitioner and S.G. to ensure that Petitioner was eligible for benefits based upon her family's income. Based upon the three months of documentation actually provided, SCBSS determined that Petitioner's income was over \$7,000 per month for the gas station portion of the business alone. This amount takes into consideration all deductions presented by Petitioner and S.G. and

contradicts the income set forth on the tax returns provided by Petitioner and her husband. Based upon Petitioner's failure to provide any additional invoices, deductions, or expenses for the business, SCBSS appropriately determined that Petitioner's income also exceeded the income limit of \$3,271 per month for a family of five to qualify for benefits.

Thus, for the reasons set forth above and those contained in the Initial Decision, I hereby affirm the termination of Petitioner's benefits. If Petitioner's income changes, she can reapply for benefits at that time.

THEREFORE, it is on this 5th day of APRIL 2021,

ORDERED:

That the Initial Decision is hereby ADOPTED.



Jennifer Langer Jacobs, Assistant Commissioner
Division of Medical Assistance and Health Services