



PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

State of New Jersey
DEPARTMENT OF HUMAN SERVICES
Division of Medical Assistance and Health Services
P.O. Box 712
Trenton, NJ 08625-0712

SARAH ADELMAN
Commissioner

GREGORY WOODS
Assistant Commissioner

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

D.F.,

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 06304-25

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. Neither Party filed exceptions. Procedurally, the time period for the Agency Head to render a Final Agency Decision is October 30, 2025, in accordance with an Extension Order.

This matter arises from the Gloucester County Division of Social Services' (Gloucester County) imposition of a \$20,906 transfer penalty for Petitioner's receipt of Medicaid benefits. Initially, Gloucester County identified \$24,406 in transfers but reduced the amount by \$3,500 based on documentation provided by Petitioner. The issue presented here is whether Gloucester County correctly imposed the \$20,906 transfer penalty as outlined in N.J.A.C. 10:71-4.10.

Here, on August 25, 2023, Petitioner entered into a caregiver agreement with their son, S.F., and daughter-in-law, D.F. (P-2). Per the agreement, S.F. and D.F. would provide services for Petitioner at their family home. Ibid. The services to be provided by S.F. and D.F. were meals, lodging, materials and supplies, laundry, personal assistance, and financial management. Ibid. Petitioner agreed to pay \$3,500 per month to S.F. and D.F. for the services they would provide. Ibid.

Petitioner applied for the Managed Long-Term Services and Supports (MLTSS) program in 2024 and was granted Medicaid effective June 1, 2024. (R-2 at 1.) By letter dated July 16, 2024, Gloucester County requested Petitioner and S.F. to provide information regarding the sale of Petitioner's home located in PA before September 30, 2024. (R-2 at 3.)

On August 30, 2024, Petitioner's property was sold with net proceeds of \$116,715.70. ID at 14. An account xxxxx9451 was opened in the name of Petitioner and S.F. with the Police and Fire Federal Credit Union. ID at 15. All but \$762.54 of the \$115,953.16 from the sale of the Petitioner's property was deposited into account xxxxxx9451 on September 3, 2024. Ibid. On September 10, 2024, \$11,906 was transferred to D.F.'s account. Ibid. On September 14, 2024, \$500 was transferred to D.F.'s account, which Gloucester County determined was acceptable transfer under the regulations. Ibid. On September 30, 2024, \$3,500 was transferred to D.F.'s account. Ibid.

On September 27, 2024, Petitioner was hospitalized and discharged from the hospital on October 7, 2024, to Laurel Manor where they remained until February 5, 2025, when they were transferred to Elmwood Hills, where Petitioner currently resides. Ibid.

On October 8, 2024, \$100,000 from account xxx9451 was withdrawn and placed in a Medicaid-compliant annuity, with the proceeds from the annuity deposited back into account xxxxx9451, causing Petitioner to be over income and over the resource limit. Ibid.

On November 25, 2024, \$2000 was transferred from account xxxxx9451 to D.F.'s account. ID at 16. On December 4, 2024, \$3,500 was transferred from account xxxxx9451 to D.F.'s account. Ibid.

Petitioner submitted the requested document, the Seller's Estimated Net Sheet, on December 12, 2024. (R-2 at 4.) After receiving notice regarding the sale of property, Gloucester County closed Petitioner's Medicaid benefits effective January 31, 2025.

On January 31, 2025, Petitioner filed a new application to reinstate Medicaid benefits. ID at 16. By letter dated February 3, 2025, Gloucester County requested additional documentation, which included proof that the annuity payments were going directly into the Qualified Income Trust (QIT), financial information, and documentation to rebut the gifting penalty. (R-1, pgs. 2-3 and 18-19.)

By letter dated February 4, 2025, Gloucester County notified Petitioner that they were financially eligible for Nursing Home Medicaid effective March 28, 2025. However, a transfer penalty was imposed due to the gifting of \$24,406. (R-1, page 25.)

Petitioner appealed Gloucester County's determination. The hearing took place on July 7, 2025, at which time the record closed. ID at 2.

During the hearing, Matthew Carey (Carey), Human Services Specialist II, testified on behalf of Gloucester County, stating that that he had handled Petitioner's January 2025 application. ID at 3. Carey testified that, upon reviewing the Police and Fire Federal

Credit Union statements, Gloucester County determined that Petitioner transferred assets for \$24,406 from September 2024 to January 2025. Ibid. Gloucester County found Petitioner eligible for MLTSS, effective March 28, 2025; however, they imposed a transfer penalty of \$24,406 due to the transfer assets. ID at 3. Carey testified that Gloucester County's actions and determination were based upon N.J.A.C. 10:71-4.10. ID at 5. Citing N.J.A.C. 10:71-4.10(b)(6), Carey further testified that family members cannot be repaid monies that they paid out prior to Medicaid being established. Ibid. While there was a caregiver agreement that had been executed in August 2023, which provided a monthly service fee of \$3,500 for Petitioner to reside at D.F. and S.F.'s home and be taken care of, once Petitioner became eligible for Medicaid, the agreement effectively became null and void because Medicaid covers nursing and care services. Ibid.

Diane Getsinger (Getsinger), Administrator of Medicaid for the Gloucester County, testified on behalf of Gloucester County that she was aware of Petitioner's caregiver contract when they applied for Medicaid. ID at 6. Getsinger explained that Petitioner's Medicaid started in June 2024, which was when their resources were under the \$2,000 limit. Ibid. This was when the caregiver contract became void, because they no longer had sufficient funds to pay for the caregiver. Ibid.

D. F. testified on behalf of Petitioner that she and her husband expected to recoup the \$3,500 per month under the agreement, which stated that "to the extent funds were available", if the funds were not available at the time the assistance took place. ID at 10. D.F. acknowledged that the caregiver agreement did not address the recoupment after services had been rendered. Ibid.

When questioned why, after the sale of the Petitioner's home, they reimbursed themselves thousands of dollars, D.F. stated that they were following the Medicaid mandate that Petitioner's account needed to remain under \$2,000. ID at 11.

S.F. also testified on behalf of Petitioner that the overage occurred during the transfers of the funds from the sale of the Petitioner's house into the annuity and then into the QIT that they had to establish. ID at 11. S.F. testified that they disclosed everything to the State. Ibid.

The Administrative Law Judge (ALJ) found the testimony of all the witnesses to be credible, specifically, S.F. and D.F., who clearly were attempting to take all the proper steps to ensure that Petitioner was taken care of emotionally, physically, financially, and legally in their efforts to get Petitioner qualified for Medicaid. ID at 12. The ALJ further found that the monetary transfers in September 2024 (\$11,906 and \$3,500), November 25, 2024 (\$2,000), and December 4, 2024 (\$3,500) were solely done to qualify for Medicaid. ID at 17. While D.F. testified that the transfer on November 25, 2024, for \$2,000 was in part to pay for the attorney who drafted Petitioner's legal documents, no documentation or receipts were provided. Ibid. The ALJ ultimately determined that the sole basis for this transfer was to qualify for Medicaid. Ibid. The ALJ concluded that Petitioner failed to rebut the presumption that the transfer was solely for some other reason than to become eligible for Medicaid benefits. Ibid. I concur.

When determining Medicaid eligibility for individuals seeking institutional level of care benefits, the counties must review a five-year of financial history. Under the Deficit Reduction Act (DRA) of 2005, if an applicant transfers assets for less than the fair market value during the look-back period, then those assets are included as eligible resources available to the applicant, and a period of ineligibility is imposed, which is known as the transfer penalty. 42 U.S.C. §1396p(c)(1); N.J.A.C. 10:71-4.10(a).

Medicaid law contains a presumption that any transfer for less than fair market value during the look-back period was made for the purpose of establishing Medicaid

eligibility. See E.S. v. Div. of Med. Assist. & Health Servs., 412 N.J. Super. 340 (App. Div. 2010); N.J.A.C. 10:71-4.10(i). 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.

Here, there are four transactions from Petitioner’s Police and Fire Federal Credit Union checking account, totaling \$20,906, that are in question. The issue at the fair hearing was whether Gloucester County was correct in asserting that the transfers were made for less than fair market value and were therefore subject to penalty. To that end, Petitioner’s challenge of Gloucester County’s decision would require that they provide additional competent information to substantiate their claim. Gloucester County asserted that Petitioner’s caregiver agreement was rendered null and void as of June 1, 2024, the date Petitioner was approved for Medicaid, on the basis that Petitioner would not have had the necessary income and resources to satisfy the contractual obligation.

The burden of proof in rebutting this presumption is on Petitioner. S.F. and D.F.’s position was that all the transactions were made under the caregiver agreement. The record establishes that S.F. and D.F. failed to withdraw the agreed-upon payments between October 2023 and April 2024, despite the availability sufficient funds in Petitioner’s account. D.F. acknowledged during the hearing that the caregiver agreement contained no provision addressing recoupment after services already rendered.

Retroactive payments like this are considered a gift, rather than a reimbursement for services provided.

Thus, due to the circumstances and facts of this case, I FIND that Petitioner failed to show that the four transfers were for a reason other than qualifying for Medicaid. I ADOPT the Initial Decision's finding that Petitioner's continued Medicaid eligibility should be subject to the imposition of a transfer penalty of \$20,906.

THEREFORE, it is on this 18th day of OCTOBER 2025,

ORDERED:

That the Initial Decision is hereby ADOPTED.



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