



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

OAL DKT. NO. HMA 12676-24
Agency No. 0720730147-01

K.S.,

Petitioner,

v.

ESSEX COUNTY DIVISION OF FAMILY

ASSISTANCE AND BENEFITS,

Respondent.

K.S., petitioner appearing pro se

Julia Harris, Family Services Worker, for respondent under N.J.A.C. 1: -1-5.4(a)(3).

Record Closed: May 9, 2025

Decided: May 14, 2025

BEFORE Nanci G. Stokes, ALJ:

STATEMENT OF THE CASE

In 2017, petitioner received Supplemental Security Insurance (SSI) for a disability when she was seventeen. In 2019, petitioner received Retirement, Survivor's, and Disability Insurance (RSDI) after her father's death, which precluded her lower SSI payments. Her income exceeds the Medicaid income limit. Is petitioner eligible for Medicaid? Yes. A disabled adult child (DAC) who loses SSI benefits after receiving RSDI benefits through another's Social Security account receives a disregard of that income. Medicaid Communication No. 13-03.

PROCEDURAL HISTORY

On August 6, 2024, the Essex County Division of Family Assistance and Benefits (Essex or CWA) advised the petitioner she was ineligible for the ABD Medicaid program effective August 31, 2024.

Petitioner appealed the determination.

The Division of Medical Assistance and Health Services (DMAHS) transmitted this case to the Office of Administrative Law (OAL), where it was filed on September 3, 2024, as a contested case under the Administrative Procedure Act, N.J.S.A. 52:14B-1 to-15, and the act establishing the OAL, N.J.S.A. 52:14F-1 to-13, for a hearing under the Uniform Administrative Procedure Rules, N.J.A.C. 1:1-1.1 to -21.6.

DMAHS's transmittal notes that this case is subject to its October 23, 2023, Order, which deems this Initial Decision a Final Decision.

I adjourned the scheduled hearing at the parties' request to provide additional documentation from the Social Security Administration (SSA).

I held the hearing on May 9, 2025, and closed the record.

DISCUSSION AND FINDINGS OF FACT

Based on the testimony provided and my assessment of its credibility, together with the documents submitted and my evaluation of their sufficiency, I **FIND** the following as **FACT**:

The petitioner is the applicant and has the authority to pursue this appeal.

In May 2024, Essex forwarded a renewal packet to the petitioner to redetermine her continuing Medicaid eligibility. On August 6, 2024, Essex reviewed the materials supplied by the petitioner and advised the petitioner that her coverage would end on August 31, 2024, because she was over the income limit for the Aged Blind and Disabled (ABD) Medicaid program.

When Essex reviewed the redetermination materials, the petitioner received \$1,665 in RSDI benefits, above the income limit of \$1,255, considering the allowed \$20 disregard. Essex reviewed the SOLQ, an electronic verification system of benefits issued by the Social Security Administration. Here, Essex noted it could not determine why the petitioner received a lump sum of SSI benefits and later received RSDI payments through another person's Social Security account. Further, some dates were unclear, and SOLQ only provides a snapshot of benefits received. Thus, Essex could not determine if the petitioner qualified as a disabled adult child (DAC), a special eligibility category permitting Essex to disregard some or all of the petitioner's RSDI income.

Still, the petitioner maintains that she remains Medicaid eligible because she received SSI benefits that ended in 2017. She received RSDI benefits through her deceased father's Social Security account, noting an eligibility date corresponding to her SSI end date. She was disabled at age seventeen and is over the age of eighteen. To support her case, she provided documentation concerning her initial receipt of SSI benefits in 2017 and the initial award of RSDI benefits in 2019, with an eligibility date of July 2017, relating to her father's passing.

In 2017, the SSA advised the petitioner that it had accepted her disability date of June 23, 2013. However, she met all SSI eligibility criteria in March 2015, entitling her to SSI benefits then. Because the SSA delayed its award to the petitioner, it issued her a lump sum payment based upon its monthly calculations of benefits she would have received from March 2015. Indeed, the letter explains the petitioner's entitlement to monthly SSI "back payments" from March 2015, in monthly amounts of \$764.25, through December 2016 and \$766.25 in 2017, totaling \$21,411. Thus, I **FIND** that the lump sum payment represents monthly SSI benefits from 2015 until the SSA notified the petitioner of her SSI eligibility on September 6, 2017.

On January 30, 2019, the SSA advised the petitioner that she was entitled to RSDI for \$1,362 monthly as a C1 claim, signifying a child receiving benefits due to a disabled, deceased, or entitled parent. Indeed, the petitioner's father died. The SSA also advised the petitioner that it may need to reduce her benefits, given her prior receipt of SSI. On March 30, 2019, the SSA notified the petitioner that it would reduce her entitlement, given her receipt of SSI before and after her RSDI payment eligibility date in July 2017. In other words, I **FIND** that the 2019 SSA notifications regarding the petitioner's C1 claim acknowledge her prior receipt of SSI and that RSDI payments effectively ended her entitlement to SSI once she was eligible for RSDI.

Essex reviewed the petitioner's living arrangements to assess other income. Specifically, if a family member provided regular financial support, that could be considered countable in-kind income. However, Essex verified that the petitioner and her mother reside together and equally share expenses, including rent, for the household. Thus, Essex acknowledges that if the petitioner falls within the DAC eligibility population, she has no income for eligibility purposes. Although Essex initially utilized the ABD Medicaid program income limit of \$1,255, if the petitioner qualifies as a DAC, the lower Medicaid Only program income limit of \$974.25 would apply to assess her eligibility. Thus, if the petitioner is a DAC, Essex can disregard her sole income of \$1,362, and she would meet income eligibility criteria. Petitioner's resources of \$917.87 were below the Medicaid resource limit.

In sum, I **FIND** a preponderance of the evidence supports that the petitioner became disabled before the age of twenty-two, is over the age of eighteen now, and received monthly SSI benefits from 2015 in a lump sum in 2017 because SSA delayed payment of her benefits. She then received RSDI benefits as her deceased father's child, effective in 2017, precluding her eligibility for SSI benefits.

CONCLUSIONS OF LAW

Congress created the Medicaid program under Title XIX of the Social Security Act. 42 U.S.C. §§1396 to 1396w. The federal government funds the Medicaid programs that the states administer. Once the state joins the program, it must comply with the Medicaid statute and federal regulations. Harris v. McRae, 448 U.S. 297, 300 (1980). New Jersey participates in Medicaid through the New Jersey Medical Assistance and Health Services Act (Act). N.J.S.A. 30:4D-1 to -19.5.

Under the Act's authority, the Commissioner of the Department of Human Services (DHS) promulgated regulations implementing New Jersey's Medicaid programs to explain each program's scope and procedures, including income and resource eligibility standards. See, e.g., N.J.A.C. 10:71-1.1 to -9.5 (Medicaid Only); N.J.A.C. 10:72-1.1 to -9.8 (Special Medicaid Programs); E.S. v. Div. of Med. Assistance and Health Servs., 412 N.J. Super. 340, 347 (App. Div. 2010).

The Act also established the Division of Medical and Health Services (DMAHS) within the DHS to perform the administrative functions concerning Medicaid program participation. Bergen Pines County Hosp. v. New Jersey Dep't of Human Serv., 96 N.J. 456, 465 (1984); see also N.J.S.A. 30:4D-4, -5.

County welfare agencies (CWA), like Essex, assist [DMAHS] in processing applications for Medicaid and determining whether applicants have met the income and resource eligibility standards." Cleary v. Waldman, 959 F. Supp. 222, 229 (D.N.J.1997), aff'd, 167 F.3d 801 (3d Cir.), cert. denied, 528 U.S. 870 (1999).

Significantly, an applicant bears the burden of establishing eligibility for Medicaid benefits. D.M. v. Monmouth Cnty. Bd. of Soc. Servs., HMA 6394-06, Initial Decision (April 24, 2007), adopted, Dir. (June 11, 2007), <http://njlaw.rutgers.edu/collections/oal/>.

Essex must verify all eligibility factors of a Medicaid applicant, including household composition and financial eligibility. N.J.A.C. 10:72-2.3 (ABD), N.J.A.C. 10:71-2.2(e) (Medicaid Only). Under N.J.A.C. 10:72-4.4, CWAs determine income eligibility under the ABD program using the income eligibility standards within the Medicaid Only regulations, N.J.A.C. 10:71-5.1 to -5.9, with certain exceptions. Similarly, Essex's resource eligibility determination follows resource standards within the Medicaid regulations at N.J.A.C. 10:71-4.1 to -4.11 according to N.J.A.C. 10:72-4.5. Indeed, N.J.A.C. 10:71-5.6 advises that aged, blind, or disabled persons under the Medicaid Only program are subject to its income limits, depending on their living arrangements. The petitioner lives with her mother and shares expenses equally. Thus, no in-kind support provisions apply to increase her income. N.J.A.C. 10:71-5.4(a)12, N.J.A.C. 10:71-5.6(c)4. '

DMAHS often issues Medicaid Communications to guide county welfare agencies about Medicaid programs. Medicaid Communication No. 13-03, addresses special eligibility criteria for disabled adult children (DAC). To qualify for this special Medicaid eligibility population, an individual must:

- a) Be at least eighteen years old;
- b) have become disabled or blind prior to turning age twenty-two;
- c) have been receiving SSI benefits on the basis of blindness or disability; and,
- d) have lost SSI as a result of the receipt of child's insurance benefits from another person's Social Security count or as a result of an increase to those benefits on or after July 1, 1987.

If an individual meets those criteria, the applicant will qualify for special eligibility considerations regardless of the age when they lost SSI eligibility. When a county welfare agency cannot verify DAC status through SOLQ, the applicant may obtain documentation from the SSA indicating the individual status as a DAC, like here. Notably, "when SSI benefits cease because of the receipt of children's insurance benefits, the full amount of that benefit shall be disregarded for Medicaid eligibility purposes." Id.

Here, I **CONCLUDE** that a preponderance of the evidence exists that the petitioner meets the criteria for DAC status, and Essex must disregard the full amount of RSDI benefits. Thus, I further **CONCLUDE** that the petitioner is income-eligible for the Medicaid Only program, and I **GRANT** her appeal.

ORDER

Based on my findings of fact and conclusions of law, I **ORDER** that the petitioner's RSDI income is disregarded, that she is financially eligible for Medicaid benefits, and that her appeal is hereby **GRANTED**.

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 of the date you receive this decision. If you have any questions about an appeal to the Appellate Division, you may call (609) 815-2950.

May 14, 2025



DATE

NANCI G. STOKES, ALJ

Date Record Closed:

Date Filed with Agency:

Date Sent to Parties:

APPENDIX

Witnesses

For Petitioner:

K.S.

For Respondent:

Julia Harris, FSW

Exhibits

For Petitioner:

N/A

For Respondent:

- R-1 February 24, 2025, Fair hearing packet, including denial, SOLQ verification, and other documents
- R-2 March 12, 2025, Fair hearing packet, include SSA information
- R-3 May 9, 2025, Fair hearing packet, include SSA information