



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

OAL DKT. NO. HMA 02329-25

D.N.,

Petitioner,

v.

**UNION COUNTY BOARD OF
SOCIAL SERVICES,**

Respondent.

Lauren S. Marinaro, Esq., for petitioner (Fink, Rosner, Ershow-Levenberg,
Marinaro, attorneys)

Steve Garry Hockaday, Esq., for respondent (Bruce H. Bergen, County
Counsel)

Record Closed: December 5, 2025

Decided: December 16, 2025

BEFORE KIMBERLY K. HOLMES, ALJ:

STATEMENT OF THE CASE

The Union County Board of Social Services (“Union”) denied D.N., the petitioner’s (“Petitioner”) application for Medicaid because her countable income of \$13,843.79 exceeded the private room rate of \$440 per day. Should the denial stand?

Yes. An applicant does not qualify for Medicaid when the income exceeds the cost of care standard under N.J.A.C. 10:71-3.1.

PROCEDURAL HISTORY

On October 24, 2024, respondent denied petitioner's Medicaid application because petitioner was over the applicable income limit.

On December 24, 2024, petitioner appealed the termination.

The Division of Medical Assistance and Health Services (DMAHS) transmitted this case to the Office of Administrative Law (OAL), where it was filed on January 30, 2025, 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.

In August 2025, this case was reassigned to me because the previous Administrative Law Judge (ALJ) retired in July 2025.

Two status conferences were held (August 15, 2025, and October 6, 2025). The parties decided to submit written letter briefs in lieu of a hearing as the petitioner previously filed a letter brief with the previous ALJ on July 1, 2025. The respondent was to provide a response by October 14, 2025 with the petitioner responding by October 21, 2025.

On November 25, 2025, I held a status conference because the court had not received the written submission from the respondent.

On November 25, 2025, the respondent filed a letter brief. The petitioner was given until December 5, 2025 to respond. The petitioner responded on November 25, 2025. The record was closed on December 5, 2025.

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**:

Petitioner is the applicant and has the authority to pursue this appeal.

On October 1, 2024, petitioner applied for Medicaid. (P-1, P-5, R-1.)

At that time of her application, petitioner resided at Spring Grove Rehabilitation and Nursing Home Facility ("Spring Grove") which is a licensed long-term facility. (P-5.)

The daily rate for the petitioner for long-term stay at Spring Grove was calculated at \$495 daily. (P-5.)

The petitioner's gross countable income was \$13,843.79 which exceeded the private room rate at Spring Grove which was calculated at \$440 daily. (P-5, R-6.)

Petitioner argues that the incurred expenses should be measured against her monthly income. (P-5.)

The petitioner's income level caused her to be ineligible for long-term care. (N.J.A.C.10:71-3.1, R-6.)

Income treatment, eligibility and rate-based determinations are regulated by federal and State Medicaid laws and/or regulations. (42 C.F.R. 431.10; N.J.A.C. 10:49-1.5(b).)

On October 24, 2024, respondent denied petitioner's Medicaid application because petitioner was over the applicable income limit.

DISCUSSION AND 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 program 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. DMAHS is the designated and single State agency who administers the Medicaid program. N.J.S.A. 30:4D-7(a); N.J.S.A. 30:4D-12, N.J.A.C. 10:72-2.2(f).

County welfare agencies (CWA), such as respondent, 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/> Moreover, it is DMAHS not the CWA who is vested with the legal authority regarding income treatment, eligibility application or rate-based determinations. The CWA must

follow the federal and State Medicaid regulations. 42 C.F.R. 431.20; N.J.A.C. 10:49-1.5(b).

Under federal law and N.J.A.C. 10:71-3.1, the petitioner's countable income of \$13,843.79 exceeded the standard monthly semi-private room rate at Spring Grove. No facts support any income exclusions.

Here, I found that petitioner's income exceeded the program income limit which was calculated at \$440 per day. Her income level caused her to be ineligible under applicable Medicaid regulations that govern long-term care entitlement. N.J.A.C. 10:71-3.1. Respondent's position that there is no "cost of care standard" is non-persuasive as the State has rightly determined that the petitioner is over income limit. The petitioner's daily rate of payment from August 2024 to October 2024 was \$495 per day. The petitioner's gross countable income was \$13,843.79 which rendered her ineligible.

Therefore, because petitioner is over the applicable income limit, I **CONCLUDE** that she is income **INELIGIBLE** for Medicaid benefits under N.J.A.C. 71-3.1 and that her appeal should be **DISMISSED**.

ORDER

Based on my findings of fact and conclusions of law, I **ORDER** that petitioner is ineligible for Medicaid benefits under N.J.A.C. 71-3.1 and that petitioner's appeal is hereby **DISMISSED**.

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.

December 16, 2025
DATE


KIMBERLY H. HOLMES, ALJ

Date Filed with Agency:

Date Sent to Parties:

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APPENDIX

Witnesses

For Petitioner:

None

For Respondent:

None

Exhibits

For Petitioner:

- P-1 Application for NJFC Aged, Blind and Disabled Program dated October 1, 2024
- P-2 Denial letter dated October 24, 2024
- P-3 Room and Board receipt from Spring Grove Rehabilitation Center dated November 13, 2024
- P-4 OAL Initial Decision HMA 09509-21 dated January 27, 2020
- P-5 Letter Briefing Response dated November 25, 2025

For Respondent:

- R-1 Application for NJFC Aged, Blind and Disabled Program dated October 1, 2024
- R-2 Pension Documents (
- R-3 Denial documents dated October 24, 2024
- R-4 N.J.A.C. 10:71-5.1
- R-5 Letter to OAL from Petitioner dated July 1, 2025
- R-6 Letter Brief dated November 25, 2025