

regulations, “[i]f an individual . . . (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. According to N.J.A.C. 10:71-4.1(e)(6), there shall not be a transfer penalty when, “a satisfactory showing is made to the State that: (ii) The assets were transferred exclusively for a purpose other than to qualify for medical assistance.”

At the Fair Hearing, testimony was delivered, and evidence was presented. However, in the Initial Decision the Administrative Law Judge (ALJ) failed to provide any findings of fact, conclusions of law, or discussion of documentary evidence or testimony

that would support a determination concluding that the Petitioner is subject to a transfer penalty under N.J.A.C. 10:71-4.10. In the Initial Decision, the ALJ does not summarize any of the testimony, make any finding of credibility or explain the exhibits in any detail. Someone named Y.B. testified at the Fair Hearing for the Petitioner, but the Initial Decision does not summarize or mention their testimony at all. ID at 6. Additionally, two exhibits by the Petitioner and six exhibits by the Respondent were entered into the evidentiary record. Id. at 7. These exhibits are not discussed in the Initial Decision. The Initial Decision does not state when the Petitioner applied for Medicaid, nor does it state when the transfer penalty was issued. The Initial Decision merely states that:

Originally, the transfer penalty was \$328,179.88, totaling 745 days effective December 1, 2024 to December 15, 2026. After the Fair Hearing request was filed, the DAR provided additional receipts and verifications to the Board of Social Services (Board). The Board verified 13 transactions and deducted \$12,162.90, with a revised transfer penalty of \$316,016.98 or 27 days making the new penalty period 718 days, effective December 1, 2024 to November 18, 2026.

ID at 4.

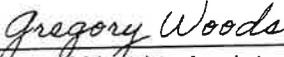
Based on this one statement of fact the ALJ concluded that the Petitioner is subject to a transfer penalty period of 718 days. Ibid. The decision includes no other information or analysis of the transfers at issue. There is no discussion of what the transfers at issue were for, when they were made, who the transfers were made to, or how much each one was for.

Accordingly, based on the record before me and for the reasons set forth above, I hereby REVERSE the Initial Decision and REMAND the matter to OAL for a recommended decision that sets forth clear and concise summary of the factual basis for the dispute, articulating the specific issues at hand and the context in which they arose, and a well-reasoned explanation for the decision, supported by findings of fact and conclusions of law supported by and directly tied to the testimony and the relevant

evidence submitted during the proceedings. The decision should specifically identify each transfer at issue, detailing the amount of each transfer, the recipients of the transfers, and the purposes for which the transfers were made. This level of specificity is essential for a thorough understanding of the transactions in question. The Initial Decision should specifically address the question of whether assets were disposed of for less than fair market value in order to qualify for Medicaid, and if so, whether that property is subject to a transfer penalty. This analysis should be conducted with careful consideration of all relevant evidence and testimony, ensuring a fair and just outcome and that all parties have a clear understanding of the basis of the decision and the reasoning behind it. It is important to note that the use of a standardized template in drafting the Initial Decision was not in itself problematic. Rather the issue is that the template was completed without sufficient supporting detail.

THEREFORE, it is on this 2nd day of January 2026, ORDERED:

That the Initial Decision is hereby REVERSED and the case REMANDED as set forth above.



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