

Services (Hunterdon County) advised the Petitioner that a penalty of 257 days was assessed on Petitioner's receipt of Medicaid benefits resulting from the transfer of assets totaling \$103,827 for less than fair market value, during the five-year look-back period. (R-1). Petitioner appealed the transfer penalty. The Initial Decision found that Petitioner had failed to rebut the presumption that \$103,827 in transfers were done for the purposes of qualifying for Medicaid benefits.

In determining Medicaid eligibility for someone seeking institutionalized benefits, counties must review five years of financial history. Under the regulations, "[i]f an individual, or his or her spouse . . . (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.

In this matter, the Petitioner transferred her home to her son Br.S. on August 20, 2021, for \$338,443. ID at 3. The property was appraised at \$550,000, and the transfer occurred within the five-year look-back period. Ibid. At the Fair Hearing the Petitioner's son, Br.S., testified and sought a reduction in the transfer penalty. He submitted an appraisal conducted by Dawn Bird, who valued the property at \$490,000, as opposed to the \$577,100 value used by Hunterdon County. Id. at 2. He further testified that he had made improvements to the property, which resulted in the higher appraisal used by Hunterdon County. Ibid. Additionally, he stated that he was owed approximately \$200,000 in back wages by his parents, which is why the property was sold to him for \$343,861. Ibid. However, Br.S. had no evidence to support that a debt was owed to him by his parents. Ibid.

In the Initial Decision, the Administrative Law Judge (ALJ) found that the Petitioner failed to rebut the presumption that the asset was transferred for less than fair market value. Id. at 3. I agree. A conveyance made during the look-back period raises a rebuttable presumption that the resource was transferred for the purpose of establishing Medicaid eligibility. N.J.A.C. 10:71-4.100(1); H.K. v. State of N.J., Dep't of Hum. Servs., Div. of Med. Assistance & Health Servs., 184 N.J. 367, 380 (2005). An applicant may rebut the presumption that assets were transferred to establish Medicaid eligibility, and it is the applicant's burden of proof by convincing evidence to show that the asset was transferred exclusively for some other purpose. N.J.A.C. 10:71-4.10(j).

It is undisputed that the Petitioner transferred her home to her son on August 20, 2021, for \$338,443. The appraisal of the property conducted by the Board indicates that

the value of the property at that time was \$550,000, resulting in a sale of the property for \$211,655.57 below market value. ID at 2. After adjusting for the community spouse and the \$2,000 resource allowance, a penalty of \$103,827, corresponding to 257 days, was assessed. Ibid. This calculation and the assessment are consistent with N.J.A.C. 10:71-10. The Petitioner bears the burden of proof to rebut the presumption that the transfer was made for less than fair market value in order to qualify for Medicaid. While Br.S. testified that he was owed \$200,000 by his parents, there was no evidence to support this claim. Furthermore, even though Br.S. provided another appraisal, there was no testimony to support that appraisal, and the appraisal provided by Hunterdon County was consistent with the tax assessment of the property. Id. at 5.

Thus, based on the record before me and for the reasons enumerated above. I hereby ADOPT the Initial Decision.

THEREFORE, it is on this 19th day of February 2026,

ORDERED:

That the Initial Decision is hereby ADOPTED as set forth herein.



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