



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

OAL DKT. NO. HMA 02088-25

AGENCY DKT. NO. N/A

K.D.,

Petitioner,

v.

HUNTERDON COUNTY BOARD

OF SOCIAL SERVICES,

Respondent.

K.D., for petitioner, pro se

Christopher Legere, Human Services Specialist, for respondent pursuant to
N.J.A.C. 1:1-5.4(a)(3)

Record Closed: March 4, 2025

Decided: March 7, 2025

BEFORE **SARAH G. CROWLEY**, ALJ:

STATEMENT OF THE CASE AND PROCEDURAL HISTORY

The petitioner's Medicaid benefits were terminated on the grounds that the household was over income. Petitioner requested a fair hearing, and the matter was filed at the Office of Administrative Law (OAL) on January 29, 2025, to be heard as a contested

case pursuant to N.J.S.A. 52:14B-1 to -15 and 14F-1 to -13. The matter was heard on March 4, 2025, and the record closed at that time.

TESTIMONY AND FINDINGS OF FACT

Christopher Legere is a human services specialist for the Hunterdon County Board of Social Services (Board). He testified that when the petitioner came up for redetermination, she was terminated due to the inclusion of accident disability payment as includable income. After he reviewed the file, he believed that accidental disability payments are not taxable and should not be included in the Modified Adjusted Gross Income (MAGI) calculations. See exhibit R-1 including DMAHS MAGI included income list as well as New Jersey Department of Pension and Benefits (NJDPB) fact sheet declaring accident disability retirement "exempt from federal tax." Mr. Legere shared these documents with a supervisor in order to resolve the matter and was advised "Accidental benefits are excluded from federal taxes not retirement benefits. It is countable." There was no further clarification provided. Mr. Legere testified that contrary to the foregoing, the MAGI directive states that only the taxable amount of the disability pension is to be included and since this accidental disability payments are not taxable, they should not be included.

K.D., petitioner, testified on her own behalf. She did not dispute that she is receiving accidental disability payments in the amount of \$3,150 per month. She also receives a small amount of income, less than \$6,000 a year from some per diem work that she does. She maintained that her accidental disability payment is exempt from federal taxes, and therefore, the disability payments should not be included in the MAGI calculations. She testified that they have not been included in the past and she is unaware of any changes in the status or the law with respect to this payment.

LEGAL ANALYSIS AND CONCLUSION

The sole issue under consideration is whether the petitioner qualified for Medicaid under the provision of N.J.A.C. 10:71-5.1, and whether her accidental disability payments should be included in the MAGI calculations. The applicant received \$3,150 from an

accidental disability retirement payment. Based on this amount being included in her MAGI calculation, her benefits were terminated. This is the main source of income, and in the past it has been exempt from inclusion in her MAGI. The MAGI calculation sheet provided by the board (R-1) indicates that pensions and annuities (taxable amount) are to be included in the calculations. Thus, the issue is whether this accidental disability payment which the petitioner receives is a taxable amount. The Board also provided the fact sheet from New Jersey Division of Pension and Benefits which indicates that, "The NJDPB reports your Accidental Disability Retirement as exempt from federal income tax." The petitioner credibly testified that she pays no federal income tax on this payment. It is unclear to the undersigned, as well as Mr. Legere, what the one-line directive from his supervisor which states this amount is "excluded from taxes but not retirement benefits" means. There is a provision in MAGI which states that, "All Social Security benefits including retirement, disability and survivor benefits (both taxable and nontaxable) are to be included. However, this is NOT a Social Security Disability payment.

I **CONCLUDE** that absent a rationale for inclusion of this amount in the MAGI calculation, the respondent has not carried the burden of demonstrating by a preponderance of the credible evidence why the benefits were terminated. Accordingly, I **CONCLUDE** that the petitioner does qualify for Medicaid due to the exclusion of her disability pension income of \$1,351 from inclusion of the MAGI calculations.

ORDER

Based upon the foregoing, the determination of the Board is **REVERSED** as to its decision to terminate the petitioner's eligibility in the NJ Medicaid program.

I hereby **FILE** my initial decision with the **DIRECTOR OF THE DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES** for consideration.

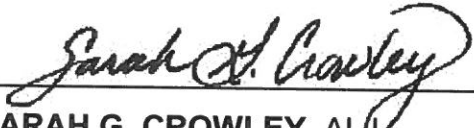
I **FILE** this initial decision with the **ASSISTANT COMMISSIONER OF THE DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**. This recommended decision is deemed adopted as the final agency decision under 42 U.S.C. §

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.

March 7, 2025

DATE



SARAH G. CROWLEY, ALI

Date Received at Agency:

Date Mailed to Parties:

SGC/onl/lam

APPENDIX

Witnesses

For petitioner:

R.W.

For respondent:

Christopher Legere

Exhibits

For petitioner:

None

For respondent:

R-1 Packet from the Board