



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

OAL DKT. NO. HMA 07821-24

R.P.

Petitioner,

v.

Monmouth County Division of
Social Services

Respondent.

Medicaid Only

Failure to Verify Eligibility Appeal

N.J.A.C. 10:71-2.2 and -2.3

STATEMENT OF THE CASE

Respondent denied petitioner's Medicaid Only application for failure to provide the following evidence of eligibility under N.J.A.C. 10:71-2.2(e):

R.P.'s Medicaid application was denied for failure to provide corroborating evidence regarding where R.P.'s pension was being deposited. Was the application properly denied? No, when proof of eligibility is inconclusive, N.J.A.C.10:71-2.2(c)2 allows additional opportunity to develop additional evidence before final action is taken on the application.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

I.

- ☒ I **FIND** that petitioner or petitioner's representative is **AUTHORIZED** to pursue this appeal; therefore, I **CONCLUDE** that standing is established.
- ☐ I **FIND** that petitioner or petitioner's representative is **NOT AUTHORIZED** to pursue this appeal; therefore, I **CONCLUDE** that standing is not been established.

II.

- ☐ I **FIND** that petitioner did not timely provide all the required documentation under N.J.A.C. 10:71-2.2(e) and -2.3(a), and that no exceptional circumstances exist under N.J.A.C. 10:71-2.3(c); therefore, I **CONCLUDE** that the Medicaid Only application must be **DENIED** under N.J.A.C. 10:71-2.2(e).
- ☐ I **FIND** that petitioner did not timely provide all the required documentation under N.J.A.C. 10:71-2.2(e) and -2.3(a), but that exceptional circumstances exist under N.J.A.C. 10:71-2.3(c); therefore, I **CONCLUDE** that the time limit for verification must be **EXTENDED** under N.J.A.C. 10:71-2.3(c).
- ☒ I **FIND** that petitioner did not timely provide all the required documentation under N.J.A.C. 10:71-2.2(e) and -2.3(a); exceptional circumstances exist under N.J.A.C. 10:71-2.3(c); and petitioner has since provided all the required documentation; therefore, I **CONCLUDE** that the Medicaid Only application must be **PROCESSED** to determine eligibility under N.J.A.C. 10:71.
- ☐ I **FIND** that petitioner timely provided all the required documentation under N.J.A.C. 10:71-2.2(e) and -2.3(a); therefore, I **CONCLUDE** that the Medicaid Only application must be **PROCESSED** to determine eligibility under N.J.A.C. 10:71.

ADDITIONAL FINDINGS OF FACT/CONCLUSIONS OF LAW

The DAR filed an application on behalf of R.P. on November 14, 2024. The respondent did not process the application for five months and did not provide notice to the DAR explaining the delay in violation of N.J.A.C. 10:71-2.3 which mandates that the maximum time to process an application is 45 days. If there was a delay, the respondent was required to notify the DAR prior to the expiration date explaining the delay. N.J.A.C. 10:71-2.3(d). When proof of eligibility is inconclusive, N.J.A.C. 10:71-2.3(c)2 affords the applicant and the Agency "further opportunity to develop additional evidence of eligibility before final action on her application." The respondent failed to exercise this option.

See additional findings of fact and conclusions of law attached.

ADDITIONAL FINDINGS OF FACT

R.P. received income from two sources: Social Security in the amount of \$2,320 per month that was deposited into a Qualified Income Trust and a pension from the State of New Jersey in the amount of \$917.90 per month¹. (P-1 at 5.)

The respondent's request for information (RFI) letter dated April 24, 2024, clearly requested that the DAR "provide proof of where the closing statement balance was transferred to/paid to," however, it did not ask for proof of where the pension benefits were deposited. (R-3 at 3.) Instead, the RFI letter asked for verification of pension benefits and "2023 and 2024 SNJ DOP Pension award letter or check stub." (*Ibid.*) The information was to be submitted by May 8, 2024. (*Id.* at 4.)

The DAR submitted the requested documents, including the 2023 and 2024 pension award letters on May 7, 2024, and were deemed timely. (P-3.) Proof of where R.P.'s pension was deposited was not included. The respondent was unaware of where R.P.'s pension was being deposited after September 2023.

On May 24, 2024, five months after the application was filed, Ms. Eiko Melara, the worker assigned to process R.P.'s application, called the DAR to request an updated resident income statement² (RIS). (P-4.) This document was provided, however, R.P.'s application was denied the same day. (R-3 and P-5.) During the phone call, Ms. Melara did not request proof of where the pension income was being deposited, although she knew this evidence was needed to complete the eligibility determination. The DAR did not submit proof of where the pension income was being deposited although she knew this information was needed.

LEGAL ANALYSIS AND CONCLUSIONS OF LAW

¹ Documents show that this amount increased to \$978.82 in 2024. (P-3.)

² This is an account at the long-term care facility and showed direct deposit of R.P.'s Social Security funds. The request was for a statement from November to present.

The respondent contends that R.P.'s application was properly denied because she failed to provide verification of where her pension income was being deposited after September 2023 by the May 8, 2024 deadline. The DAR contends that the respondent's RFI letter failed to request this information. I agree. The RFI specifically and clearly asked for proof of where the closing statement balance was transferred or paid to but failed to be as direct regarding the pension income. Instead, the RFI only sought proof of the existence of the pension, which the DAR provided. It was unreasonable for the respondent to request proof of the existence of the pension and expect to get proof of where the pension income was deposited. The respondent's lack of clarity should not negatively impact R.P. I **CONCLUDE**, therefore, that the respondent's RFI letter failed to request proof of where the pension funds were being deposited.

In addition to the lack of clarity, the respondent failed to adhere to its mandatory 45-day deadline to process applications. It is uncontested that the application was received in November 2024, but not assigned until April 2024, a delay of five months. N.J.A.C. 10:71-2.3(d) unambiguously outlines the process the respondent should have engaged in when it was unable to process the application within 45 days. This regulation specifically mandates that "written notification shall be sent to the applicant on or before the expiration of such period, setting forth the specific reasons for the delay." (Ibid.) The respondent failed to do so.

Yet, the respondent chides the DAR for not being cooperative in supplying the verification needed, relying upon N.J.A.C. 10:71-2.2(e), which states that a Medicaid applicant shall:

1. Complete, with assistance from the CSSA [county social services agency] if needed, any forms required by the CSSA as a part of the application process;
2. Assist the CSSA in securing evidence that corroborates his or her statements; and
3. Report promptly any change affecting his or her circumstances.

[Ibid.]

The respondent contends that the pension was deposited into R.P.'s Bank of America account until September 2023, when the account was closed, and the DAR's failure to report this change in where the funds were deposited violates N.J.A.C. 10:71-2.2(e). While I do agree that the DAR had a responsibility to report the change, the respondent overlooks its responsibility to "[a]ssure the prompt and accurate submission of eligibility data to the Medicaid status files for eligible persons and prompt notification to ineligible persons of the reason(s) for their ineligibility. This responsibility was acknowledged in the case relied upon by the petitioner, M.L. v. Essex Cty. Div. of Family Assistance & Benefits, 2025 N.J. Super. Unpub. LEXIS 407, in which the Appellate Division stated:

State agencies must 'turn square corners' with the public they serve in carrying out their statutory responsibilities. W.V. Pangborne & Co. v. N.J. Dept of Transp., 116 N.J. 543, 561-62 (1989), 52 A.2d 222. When this bedrock principle is read together with the above regulations, [N.J.A.C. 10:71-2.2(e)(1)-(3)] we easily reached the dispositive legal conclusion: both the [] caseworker ... and the petitioner had a duty under the regulations to take affirmative steps to communicate with each other regarding the [November 2023] pending application. The scope of this joint duty clearly includes the parties' efforts to clarify prior communications about a pending application.

Here, Ms. Melara testified that she called the DAR on May 24, 2024, as a courtesy because she wanted to help. Ms. Melara spoke with the DAR requesting updated information from the RIS but failed to mention that she still needed information about the pension to make an eligibility determination. Ms. Melara stated that she thought the updated RIS would contain the pension information, but when it did not, she denied the application.

Ms. Melara and her supervisor both testified that the respondent was not permitted to coach or help people become eligible. However, this posture is inconsistent with the Appellate Division who stated: "Under N.J.A.C. 10:71-2.2, the case worker must communicate with the applicant regarding the claimed deficiencies . . . before denying an application." M.L., 2025 N.J. Super. Unpub. LEXIS 407 at *7. Ms. Melara failed on May 24, 2024, to communicate the pension deficiency with the DAR. Moreover, communicating with the DAR about missing information is not coaching but rather is

aligned with the rules. Indeed, it is unclear to this Tribunal how asking for evidence of where the pension was deposited is different than contacting the DAR for an updated RIS. The regulations mandate that every applicant is entitled to know why their application is deficient before it is denied.

Finally, it is troubling that R.P. finds herself in the unenviable position of being trapped between the DAR and the respondent who appear to be playing a game of cat and mouse to her detriment. Specifically, the respondent knows that a critical document is missing but will not ask for it directly for fear of assisting R.P. in becoming eligible for Medicaid benefits, and the DAR who knows the information is needed but does not provide it because the respondent did not ask for it. The DAR testified that the pension funds were deposited into the facility's account effective January 2024. Due to the five-month delay in processing R.P.'s application, the DAR forgot that the direct deposit had not been established at the time the application was filed. It is unclear, however, why the DAR did not notify the respondent once the direct deposit was established as this constituted a change. See, N.J.A.C. 10:71-2.2.

Pursuant to N.J.A.C. 10:71-2.3(c)2, when processing the application was delayed and proof of eligibility was inconclusive, the respondent was required to give the DAR further opportunity to develop additional evidence of eligibility before issuing the denial letter. The respondent was aware of the pension income but did not know where the funds were being deposited. Thus, the proof of eligibility was inconclusive. Accordingly, I **CONCLUDE** that the respondent erred in issuing the denial letter on May 24, 2024.

ORDER

I **ORDER** that:

- ☐ Petitioner's appeal is **DISMISSED** because petitioner has no standing.
- ☐ Petitioner is **INELIGIBLE** for Medicaid Only under N.J.A.C. 10:71-2.2(e).
- ☐ Respondent must **EXTEND** the time limit for verification under N.J.A.C. 10:71-2.3(c).
- ☒ The case be **RETURNED** to respondent for respondent to **PROCESS** the application to determine eligibility under N.J.A.C. 10:71.

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.

6/13/2025

DATE


Kim C. Belin, ALJ

Date Record Closed:

05/29/2025

Date Filed with Agency:

Date Sent to Parties:

APPENDIX

Witnesses

For Petitioner:

Eiko Melara, Worker

Arti Sinha, Supervisor

For Respondent:

Devorah Gordon, DAR

Exhibits

For Petitioner:

P-1 Medicaid application dated November 14, 2023

P-2 Letter requesting information dated April 24, 2024

P-3 Explanation of transactions and responses to additional information request dated May 7, 2024, pension letter dated November 15, 2023, Retired Account Information dated April 1, 2024

P-4 Audio tapes

P-5 Letter of denial dated May 24, 2024

P-6 M.L. v. Essex Cty. Div. of Fam. Assistance & Bens, Dkt. No. A-0884-23 (March 18, 2025)

P-7 J.L. v. MCDSS, OAL Dkt. No. HMA 02257-24 (April 9, 2025)

For Respondent:

R-1 Medicaid application dated November 14, 2023

R-2 Letter requesting additional information dated April 24, 2024

R-3 Letter of denial dated May 24, 2024

R-4 N.J.A.C. 10:71-2.3

R-5 Medicaid Communication No. 22-04 dated May 3, 2022

R-6 Not admitted

R-7 Bank statement summary of accounts dated August 1, 2024

R-8 Letter from Shifra Walden (undated) with list of direct deposits