



Based upon my review of the record, I hereby ADOPT the Administrative Law Judge's recommended decision. The Petitioner in this matter used a monetary gift from her father-in-law gift toward the purchase of a home. The ALJ disagreed with the County's determination that a period of ineligibility was warranted based on the receipt of this lump sum payment. The ALJ reasoned that the regulations addressing lump sum payments carve out an exception if the funds were "earmarked" and used for the purpose for which they were paid. That regulation states in part:

When a beneficiary receives nonrecurring earned or unearned lump sum income, including . . . payments in the nature of a windfall, such as inheritances and lottery winnings, personal injury and worker compensation awards, to the extent it is not earmarked and used for the purpose for which it was paid . . . that income will be added together with all other income received that month by the eligible family . . . N.J.A.C. 10:69-10.23 (emphasis added).

The sum provided by Petitioner's father-in-law was dedicated exclusively for a particular purpose, (i.e., the purchase of a home) and "used for the purpose for which it was paid." Therefore, I agree that Petitioner's benefits should not have been terminated.

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I note that this case stems from an eligibility determination made in 2012.

At that time, the applicable regulation addressing lump sum income was N.J.A.C. 10:69-23. However, as of January 1, 2014, the financial methodologies set forth in the Affordable Care Act (ACA) regulations must be used in determining the financial eligibility of all individuals for Medicaid. The ACA regulations establish a new method for counting income based upon an applicant's modified adjusted gross income (MAGI). Under these regulations, "[a]n amount received as a lump sum is counted as income only in the month received." See 42 CFR 435.603(e)(1).

THEREFORE, it is on this 20<sup>th</sup> day of October 2014,

ORDERED:

That the Initial Decision reversing the termination of eligibility is  
ADOPTED as the Final Agency Decision in this matter.



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Valerie J. Harr, Director  
Division of Medical Assistance  
and Health Services