

SUPREME COURT OF NORTH DAKOTA

Gustafson v. North Dakota Department of Human Services

2006 ND 75 (2006) · No. No. 20050390 · Decided April 19, 2006

SUMMARY

The Supreme Court of North Dakota reviewed the denial of Medicaid eligibility to John L. Gustafson based on the treatment of his wife's annuity as an available asset and potentially disqualifying transfer. The court held that the Department of Human Services failed to determine and disclose the wife's reasonable life expectancy as required by statute and agency policy. It reversed the district court's judgment and remanded for the Department to assess life expectancy and reevaluate Medicaid eligibility.

CASE DETAILS

COURT	Supreme Court of North Dakota
WRITING FOR THE COURT	Crothers, Justice; Daniel J. Crothers; Dale V. Sandstrom; Carol Ronning Kapsner; Mary Muehlen Maring; Gerald W. VandeWalle, C.J.
JURISDICTION	North Dakota
DECIDED	April 19, 2006
DOCKET	No. 20050390
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from a district court judgment affirming the North Dakota Department of Human Services' determination that Gustafson was ineligible for Medicaid medical assistance.
STANDARD OF REVIEW	The Supreme Court reviews the underlying administrative agency decision in the same manner as the district court under N.D.C.C. §§ 28-32-46 and 28-32-49. Questions of law are fully reviewable; factual findings are not independently reweighed and are upheld if a reasoning mind reasonably could have determined they were supported by the weight of the evidence from the entire record.
PRECEDENTIAL VALUE	Published opinion; precedential decision of the Supreme Court of North Dakota.
PARTIES	John L. Gustafson v. North Dakota Department of Human Services

TOPICS

medicare medicaid

judicial review of agency action

administrative law

statutory interpretation

appellate procedure

PRACTICE AREAS

administrative law

health law

Medicaid eligibility

QUESTIONS PRESENTED

1. Whether the Department properly determined that the annuity was not actuarially sound for Medicaid eligibility purposes.
2. Whether the Department properly treated the annuity as an available asset or a disqualifying transfer.
3. Whether the Department was required to determine and disclose the purchaser's reasonable life expectancy after rejecting the life-expectancy estimate supplied by the applicant and the applicant's physician.

HOLDINGS

1. When the Department rejects the life-expectancy estimate supplied by a Medicaid applicant and the applicant's physician, the burden shifts to the Department to establish the purchaser's reasonable life expectancy under N.D.C.C. § 50-24.1-02.8(2)(d).
2. The Department's order was not in accordance with law because the Department failed to determine and disclose the wife's reasonable life expectancy before deciding the annuity was not actuarially sound.

KEY QUOTATIONS

“This “No, guess again” interpretation is contrary to the statute requiring determination of life expectancy by the Department.” (¶ 10)

“We therefore reverse the judgment of the district court and remand for an assessment by the Department of Mrs. Gustafson's reasonable life expectancy and further determination of Medicaid eligibility based on Department regulations and policies.” (¶ 12)

FACTUAL BACKGROUND

John Gustafson was admitted to a full-time skilled nursing facility, and the following day his wife purchased a \$50,000 irrevocable, nontransferable annuity payable in 90 monthly installments over seven and one-half years. Gustafson's wife was nearly 83 years old and had serious medical conditions, including Alzheimer's disease, congestive heart failure, diabetes, and a history of multiple heart surgeries. The Department concluded the annuity was not actuarially sound because she could not reasonably be expected to receive all payments during her lifetime, treated the annuity as an available asset, and denied Medicaid eligibility.

PROCEDURAL HISTORY

The Department denied Medicaid benefits after determining that an annuity purchased by Gustafson's wife was not actuarially sound and was an available asset that caused the household's assets to exceed the allowable limit.

An administrative law judge conducted a hearing, and the Department adopted findings in part and affirmed the denial. The district court affirmed the Department's order, and Gustafson appealed to the Supreme Court of North Dakota.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Reverse the district court judgment and remand for the Department to assess Mrs. Gustafson's reasonable life expectancy and reevaluate Mr. Gustafson's Medicaid eligibility based on Department regulations and policies.

CASES CITED

- Wahl v. Morton County Social Servs., 1998 ND 48, ¶ 4, 574 N.W.2d 859
- Estate of Pladson v. Traill County Social Servs., 2005 ND 213, ¶ 9, 707 N.W.2d 473