

SUPREME COURT OF NORTH DAKOTA

Schmidt v. Ward County Social Services Board

2001 ND 169 · No. Nos. 20010113 & 20010114 · Decided October 16, 2001

SUMMARY

The North Dakota Supreme Court affirmed the denial of Medicaid and food stamp benefits to Dennis M. Schmidt’s household because funds held in a conservatorship for his minor son were available assets exceeding the applicable eligibility limits. The court held that the conservatorship was a legal device similar to a trust and that the possibility of petitioning the appointing court for distributions did not make the funds inaccessible. The court also affirmed the conclusion that the funds counted toward the household’s Medicaid and food stamp resource limits.

CASE DETAILS

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT                 | Supreme Court of North Dakota                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| WRITING FOR THE COURT | William A. Neumann, Justice; William A. Neumann; Mary Muehlen Maring; Carol Ronning Kapsner; Dale V. Sandstrom; Gerald W. VandeWalle, C.J.                                                                                                                                                                                                                                                                                                                                                                                                        |
| JURISDICTION          | North Dakota                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| DECIDED               | October 16, 2001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| DOCKET                | Nos. 20010113 & 20010114                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| DISPOSITION           | affirmed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| PROCEDURAL POSTURE    | Schmidt appealed Department of Human Services decisions terminating the household's Medicaid and food stamp benefits. After an administrative hearing, the Department adopted an administrative law judge's recommendations, and the Ward County District Court affirmed.                                                                                                                                                                                                                                                                         |
| STANDARD OF REVIEW    | Under N.D.C.C. §§ 28-32-19 and 28-32-21, the court determines whether agency findings of fact are supported by a preponderance of the evidence, whether conclusions of law are supported by the findings, whether the decision is supported by the conclusions and complies with law and constitutional requirements, and whether agency procedures provided a fair hearing. The court does not make independent factual findings or substitute its judgment for the agency; it asks whether a reasoning mind could reasonably determine that the |

factual conclusions were supported by the weight of the evidence. Questions of law are fully reviewable.

**PRECEDENTIAL VALUE**

Published North Dakota Supreme Court opinion; precedential

**PARTIES**

Dennis M. Schmidt v. Ward County Social Services Board, North Dakota Department of Human Services

**TOPICS**

judicial review of agency action

administrative law

medicare medicaid

conservatorship

guardianships

**PRACTICE AREAS**

administrative law

health law

public benefits

conservatorship

**QUESTIONS PRESENTED**

1. Whether the conservatorship holding Bo's insurance proceeds was a legal device similar to a trust and whether its funds were actually available assets for determining the household's Medicaid eligibility.
2. Whether the conservatorship funds were accessible resources that had to be counted toward the household's food stamp resource limit.
3. Whether the Department's factual determinations and benefit-termination decisions were supported by the evidence and complied with applicable law.

**HOLDINGS**

1. A conservatorship established with the minor's assets is a legal device similar to a trust within the meaning of the laws governing Medicaid eligibility.
2. The conservatorship funds were actually available to Bo and therefore had to be counted in determining the household's Medicaid eligibility; because they exceeded the \$6,000 asset limit for a two-person Medicaid unit, the household was ineligible.
3. The conservatorship funds were available resources that had to be counted toward the household's food stamp resource limit; because the household exceeded the \$2,000 limit, the household was ineligible for food stamps.

**KEY QUOTATIONS**

*"In determining whether an asset is actually available, the central issue is the applicant's "actual and practical ability to make an asset available as a matter of fact, not legal fiction.""* (§ 14)

**FACTUAL BACKGROUND**

After Bo's mother died, Bo received approximately \$25,000 from her life-insurance policy. At Schmidt's request, a conservatorship was established for the proceeds, with Schmidt serving as conservator and with distributions generally scheduled for Bo's college enrollment or age twenty-three unless the appointing court ordered

otherwise. During recertification, Ward County counted the conservatorship funds as available assets and terminated the household's Medicaid and food stamp benefits because the household exceeded the applicable asset limits.

## PROCEDURAL HISTORY

Ward County terminated the household's Medicaid and food stamp benefits after determining that funds in a conservatorship established for Schmidt's minor son were available assets exceeding program limits. An administrative law judge recommended affirmance, the Department adopted that recommendation, and the district court affirmed. The North Dakota Supreme Court affirmed the district court judgment.

## DISPOSITION

affirmed

## CASES CITED

- Eckes v. Richland County Social Services Board, 2001 ND 16, ¶ 6, 621 N.W.2d 851
- Kryzsko v. Ramsey County Social Services, 2000 ND 43, ¶ 6, 607 N.W.2d 237
- Wahl v. Morton County Social Services Board, 1998 ND 48, ¶¶ 10, 16, 20-26, 574 N.W.2d 859
- Allen v. Wessman, 542 N.W.2d 748, 752 (N.D. 1996)
- Post v. Cass County Social Services Board, 556 N.W.2d 661, 664-666 (N.D. 1996)
- Dahner v. Daner, 374 N.W.2d 604, 605-606 (N.D. 1985)
- In Interest of McMullen, 470 N.W.2d 196, 201-202 (N.D. 1991)
- Lyng v. Castillo, 477 U.S. 635, 638-639 (1986)
- Jackson v. Jackson, 857 F.2d 951, 954-955 (4th Cir. 1988)