

Statement of  
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*SNAP: Examining Efforts to Combat Fraud  
and Improve Program Integrity*

The Government Oversight Committee  
Subcommittees for Government Operations  
and The Interior

June 9, 2016

Good afternoon Chairman Meadows, Chairwoman Lummis, Ranking Members Connolly and Lawrence and members of the subcommittees on Government Operations and The Interior. My name is Mary Mayhew and I serve as the Commissioner of the Department of Health and Human Services (DHHS) in Maine for Governor Paul LePage. Maine's DHHS has a budget of \$3.4 billion annually and manages the Medicaid program, Temporary Assistance for Needy Families, (TANF), Supplemental Nutritional Assistance Program (SNAP/Food stamps), child welfare, child support enforcement, child care subsidy program, mental health and substance abuse programs and services, aging and disability services, and public health. I have had the privilege to serve in this role since 2011.

I appreciate the invitation to be here today and I'm grateful for the opportunity to share with you some of Maine's key reforms to our welfare programs that have helped to deter fraud, protect benefits for the truly needy and secure taxpayers peace of mind that their tax dollars aren't being wasted.

I also want to make some suggestions for ways in which we can work together to combat fraudulent benefits schemes that are defrauding taxpayers and hurting the truly needy that rely on government assistance.

I am a product of Maine's true values of a strong work ethic and sacrifice. My father and his six siblings were raised by a widowed single mother in the aftermath of the Great Depression. My grandmother worked every job imaginable, from paving driveways to planning weddings, to provide for her family, and was simultaneously a source of great charity in her town. My parents similarly worked tirelessly to support a family of six, my mother was a nurse's aide at the local hospital and my father worked at a nearby factory in the small town of Pittsfield, Maine. They worked to support our family with basic priorities of food on the table and a roof over our heads. And they instilled in me the importance of personal responsibility and the value of work.

With that as a backdrop, I take seriously my role as Commissioner of Maine's Department of Health and Human Services (DHHS) to promote pathways of prosperity that encourage independence and self-sufficiency through the support of the safety net programs administered by Maine DHHS. When Governor LePage took office in 2011, he was intent on reforming Maine's welfare programs to address the serious plight of too many families and individuals trapped in welfare dependency. The Governor's focus has been on advancing meaningful reforms to transform lives and lift people out of poverty.

Our approach has been multifaceted but has been rooted in these principles: that safety net programs must serve the most vulnerable, help people achieve their dreams of independence, and utilize every dollar in support of basic necessities. President Franklin Roosevelt said in his 1935 State of the Union address: "continued dependence upon relief induces a spiritual disintegration fundamentally destructive to the national fiber. To dole our relief in this way is to administer a narcotic, a subtle destroyer of the human spirit." We talk about the American dream but then too often design welfare programs that trap people in a nightmare of poverty, dependency and despair.

For years Maine DHHS had reeled from one financial crisis to the next focusing on filling budget shortfalls and managing in a perpetual state of crisis. We have spent the last five years stabilizing the financial foundation, aligning our limited taxpayer resources with core priorities,

and establishing a significant focus on program accountability and performance through data analytics. This effort includes making sure that every dollar is spent efficiently, for our most vulnerable individuals and families, and for the intended purpose.

Today I want to focus on our efforts to apply these same principles to our management of the welfare programs and specifically food stamps, also known as the Supplemental Nutrition Assistance Program (SNAP). We cannot turn a blind eye to the vulnerabilities and susceptibility to fraud and abuse within the food stamp program and the destructive nature of that fraud and abuse to our mutual goals of helping vulnerable individuals and families with the purchase of nutritional food.

There is no doubt that fraud exists in these programs. Certainly any program of this magnitude is susceptible to fraud and abuse and we have a responsibility to protect these programs in support of their intended purpose. What we must never forget is that the benefits under discussion today are intended for the truly needy – and every dollar that is diverted through fraudulent and criminal activity is a dollar taken away from a child in need or a vulnerable adult.

When a convenience store trades an Electronic Benefits Transfer (EBT) card for cash that is used to purchase a pack of cigarettes instead of fresh fruits and vegetables, that represents a child going to school hungry. When a drug dealer trades an EBT card for heroin, that represents yet another life traveling further down the path of personal destruction and not self-sufficiency.

Because I also oversee the state's child welfare program, I see as well the destructive impact of drugs on our young families where more than 60% of children come into the state's protective custody because of parental substance abuse. It is imperative that we take seriously the connection between this crisis and the trafficking of EBT cards for drugs and cash.

States and the federal government should work hand-in-hand to ensure that fraudulent and criminal activity is investigated thoroughly and any avenues allowing exploitation of these programs are shut down. Just as we work to identify and close breaches used by hackers to steal our identities and financial data, a similar approach is vital in protecting welfare programs. It is essential that for continuous process improvement we examine all aspects of these programs to assess whether it is performing consistent with its stated goals, is financially efficient, and compliant with all program integrity requirements.

When I compare the amount of data analysis we do and are expected to do to prevent against fraud and abuse in Medicaid, it is difficult to explain why the same level of public transparency and program integrity is not integral to the management of SNAP. We must ask the tough questions and find the right answers to keep SNAP clean of criminal activity and exploitation.

The programs we have put in place to reduce fraud and abuse do not create a heavy burden on recipients. Instead, they help to ensure that precious taxpayer dollars are reaching the truly needy, not fueling criminal activity or enabling illegal drug buys.

For background purposes, when Governor LePage took office in January 2011, Maine had a record 250,000 people on SNAP with annual expenditures on benefits of \$330 million out of a population of 1.3 million people. To strengthen the program integrity of SNAP in the best interests of protecting this safety net program for its intended purpose and for those eligible, we have focused on data analytics, engagement with local law enforcement, common sense

measures to guard against fraud, and areas of federal reform that would support our mutual efforts to support this safety net program.

### **Authorized Users**

When we dug into the welfare fraud problem what we found was alarming. Working with law enforcement officials we found all-too regular instances of multiple EBT cards recovered in drug busts. On these occasions police often found five or more EBT cards, none that had been issued to the arrested person.

In a recent case in Maine a 33 year old man was arrested in a drug raid that found crack cocaine, guns, cash and 5 EBT cards. The EBT cards were all in the name of someone other than drug dealer arrested. One of the cards issued had been re-issued to the recipient 47 times in a span of a few years.

In another similar case last year in Maine a drug felon was accepting SNAP-loaded EBT cards as payment for the illicit drug Fentanyl, which is 50 times more potent than heroin and responsible for thousands of overdose deaths.<sup>1</sup>

We know there is a very unfortunate and direct connection between benefits trafficking and the drug-trafficking world, but federal SNAP regulations often create barriers to pursuing cases against these traffickers. FNS rules state categorically that if someone has the EBT card and the PIN, FNS considers them an authorized user of the EBT card.

Law enforcement officials give us examples of persons arrested with drugs and EBT cards who tell them they are going grocery shopping for the person whose name is on the card. Because of the regulation, there is little we can do to stop that practice. The regulation should be changed to require authorized users to register as such with the welfare agency overseeing the program and should be limited to no more than three per case at any given time.<sup>2</sup>

This is similar to how the Woman, Infants and Children (WIC) program operates currently in Maine, which is also administered by Maine DHHS, and is permitted under federal regulation. Users of the WIC benefit can have only two “proxies” at a given time who must register with the WIC agency.

### **Photos on EBT**

Another key strategy in Maine’s mission to deter welfare fraud has been to place photos on our EBT cards. This is a common sense measure that provides protection against trafficking or theft. When someone’s picture is on their card, it only follows that they are less likely to sell it for cash or trade it for drugs. We have seen the results – while EBT cards still turn up in drug-related arrests too often, we don’t see EBT cards with photos turning up in those raids.

In Maine, we run a voluntary program for photo EBT’s. We invite individuals to participate by having their photo placed on their EBT card. While the program isn’t mandatory at this time, we have over 59,700 photos for EBT cards out of 101,500 SNAP cases.

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<sup>1</sup> <http://www.cdc.gov/drugoverdose/data/fentanyl.html>

<sup>2</sup> Attachment A - *Food Stamp Program Problems and Recommendations* section 3 on page 2

Some concerns raised during implementation centered on how this might unduly burden the disabled and elderly. However we have learned that the disabled and elderly in particular are agreeable to having their photo on their card, recognizing it can help protect their benefit. Of the 59,000 with a photo, 53% are age 50 and above while 40% of photos are requested by disabled persons.

While it is currently an option for states to place photos on their EBT cards, myriad regulations and rules place a chilling effect on states that may be considering the option. This basic protection against fraud and abuse should be streamlined so states are able to implement it without undue burden. It would be a reasonable program integrity measure to require states to place photos on their EBT cards to deter fraud.<sup>3</sup>

### **EBT Data and Out of State EBT Usage**

Another key to fighting welfare fraud is for states to have an elevated focus on EBT card transactional level data. While most states have access to EBT data, many may not regularly research that information at the transactional level. This is critically important to find red flags for fraud. States should operate systems that give them ready access to analyze their data.

In Maine, we have found that out of state usage of our EBT cards is a major warning sign of fraudulent activity. In 2011, Maine had more than \$15 million in welfare benefits spent outside of Maine, including significant amounts in places like the Bronx, Brooklyn, Philadelphia and Worcester, Massachusetts.<sup>4</sup> Our Law Enforcement partners informed us these are known drug trafficking cities, with heroin and other drugs flowing up the I-95 corridor to Maine.

Our data analytics software alerts us when someone has used a Maine EBT card exclusively in other states for two consecutive months. We then follow up with the client to ensure there is no inappropriate use and that they still reside in Maine. By working with this EBT data extensively, we cracked down on inappropriate out of state welfare use. As a result, out of state usage of Maine EBT cards has been reduced to \$8 million a year.

Unfortunately, the data still shows regular usage of SNAP benefits in places all over the country, like Brooklyn, New York, California and the Walt Disney World area of Florida. Federal regulations don't currently allow states to restrict SNAP benefits to certain geographic areas. We don't believe it is right for Maine SNAP benefits to be spent by someone living outside of Maine and we see the connection between interstate usage of EBT and fraud. We believe there should be some reasonable restrictions on the mobility of EBT cards.<sup>5</sup>

### **Retailer Fraud and Non-compliance**

Often when SNAP benefits cards are trafficked it is in conjunction with a SNAP approved vendor who is helping turn the card to cash that can be used to purchase things other than food. In some cases, the offending stores are small "convenience" type stores. There are many of these stores participating in the SNAP program that may not be meeting the goals of the "nutrition" program based on their real food inventories.

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<sup>3</sup> Attachment A - *Food Stamp Program Problems and Recommendations* section 4 on page 3

<sup>4</sup> Attachment B – *Maine EBT Out-of-State Usage*, Maine DHHS

<sup>5</sup> Attachment A - *Food Stamp Program Problems and Recommendations* section 9 on page 5

For example, in one Maine case of suspected retailer fraud this year, a small store with just one cash register had SNAP reimbursements totaling nearly that of a large local Hannaford chain grocery store with 18 cash registers. We were alerted to the potential fraud because our data tracking found numerous instances of \$300 and above purchases in this small store that had no grocery carts to carry out that amount of produce. The same store is suspected of trading cash for EBT cards and helping SNAP participants commit tax fraud.

The current investigation into that store also revealed extremely low levels of real food items. There were recent improvements in the Farm Bill to require a higher minimum of real food items in participating stores and we support those changes.

### **Retailer Oversight**

In the case that a store is committing fraud or is in non-compliance with food standards, states do not have the authority to remove them from SNAP participation. We rely on the federal government for that function. The investigator we have in our region does a great job, but we know that USDA is resource constrained in our region in terms of investigating and disqualifying offending stores. Only 8 stores in Maine have been sanctioned since 2011.

It would be helpful to give states the ability to investigate and remove offending stores. By deputizing state partners in this way, it would increase the capacity to identify stores committing fraud and act to remove them from SNAP. States are currently able to remove fraudulent WIC vendors from participation and that model should be replicated in SNAP. This may also allow for greater frequency in compliance inspections to assist in oversight of SNAP vendors.<sup>6</sup>

### **Multiple Replacement EBT cards**

We also found that often EBT cards had been reissued to the recipient multiple times in a given year, which is a significant red flag for fraud. As in the example cited above, a card that turned up in the possession of a drug dealer had been issued to a person 47 times. Federal rules allow states to restrict re-issuance of cards to require contact after the fourth card in a year, and Maine has recently taken that option. However this should be stricter, allowing intervention after the second card in a year and by allowing states to require face-to-face contact in order to receive subsequent cards, which can only be required now through an FNS waiver.<sup>7</sup>

### **State Fraud Investigations**

In 2011, Maine more than doubled our number of welfare fraud investigators, from eight to seventeen. By focusing on welfare fraud, Maine has increased the number of referrals for prosecution of criminal level fraud from just four the year Governor LePage took over, to more than 100 last year. We think it is prudent for all states to operate a dedicated welfare fraud unit.

However, states hands are somewhat tied in what can be prosecuted. States can't mandate recipients to cooperate with a fraud investigation. The federal government should require that, as

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<sup>6</sup> Attachment A – *Food Stamp Program Problems and Recommendations* sections 7 and 8 on page 4

<sup>7</sup> Attachment A – *Food Stamp Program Problems and Recommendations* section 6 on page 3

a condition of eligibility, recipients must cooperate with state welfare fraud investigators if there is a credible allegation of fraud or risk losing their benefits.<sup>8</sup>

Also, allowing states to retain 50% of funds collected from welfare fraud overpayments instead of the 35% currently allotted in regulation, would increase the incentive to investigate fraud and allow for reinvestment into important data mining technology and additional investigators.<sup>9</sup>

## **Conclusion**

Welfare enrollment, particularly in SNAP, has had explosive growth since 2000. SNAP has grown from 17 million to 45 million people.<sup>10</sup> Welfare fraud has followed the trend and in Maine we've seen a disturbing and strong connection to the drug problem.

We can't sit idly by as taxpayer funded programs help fuel the drug trade through trafficking or divert scarce resources away from hungry children and needy families. We have an obligation to deter fraud, protect benefits for the truly needy and secure taxpayer's peace of mind that their money isn't being wasted.

Maine is determined to address the issue of fraud and to protect benefits for the truly needy. I believe Maine has been successful in the deliberate and strategic implementation of these important safeguards to combat this growing problem.

States need additional tools to combat this growing problem. Federal laws and rules should allow and encourage states to pursue meaningful program integrity efforts without unnecessary barriers. Today, policies that combat fraud are too often sacrificed in the name of convenient access to welfare benefits.

We hope that Congress and the federal government will give serious consideration to our suggested reforms and will work to ensure that laws and regulations give states a fighting chance against fraud and criminal activity. Thank you for the opportunity to appear before you today, and for your continued support of the great State of Maine. I look forward to answering your questions.

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<sup>8</sup> Attachment A – *Food Stamp Program Problems and Recommendations* section 9 on page 5

<sup>9</sup> Attachment A – *Food Stamp Program Problems and Recommendations* section 14 on page 6

<sup>10</sup> <http://www.fns.usda.gov/sites/default/files/pd/SNAPsummary.pdf>



## STATEMENT SECRETARIES' INNOVATION GROUP

*Endorsed by Members, November 19, 2014 Meeting, Washington DC*

One out of every seven Americans currently receives Food Stamps. The Supplemental Nutrition Assistance Program (SNAP), which is known as Food Stamps, has quadrupled in cost since 2001, and has doubled in cost since President Obama took office in 2008. States face an uphill battle on reforming this program. Federal regulations and laws are not designed to best ensure integrity and effectiveness in the program, and the federal administering agency, Food Nutrition Service (FNS) puts up roadblocks to reform whenever possible.

A common sense approach is needed in Washington D.C. to allow states the ability to ensure welfare benefits are being used appropriately. Despite intense opposition, States have made significant strides in some areas to tackle fraud, waste and abuse in the system. For instance, several states have implemented photos on Electronic Benefits Cards (EBT) and are requiring working-age, non-disabled adults to meet work requirements.

Measures underway by states, and the reforms proposed below are aimed at deterring fraud, protecting legitimate beneficiaries and securing taxpayer's peace of mind that the Food Stamp program is best serving the people of the United States. With the help of reform-minded voices in Congress, States can move forward with significant and meaningful reforms to this important program.

### FOOD STAMP PROGRAM PROBLEMS AND RECOMMENDED SOLUTIONS

#### **1) The "Nutrition" program allows the purchase of soda, candy and other harmful products**

PROBLEM: The Supplemental Nutrition Assistance Program is intended to subsidize



nutrition for needy families. Instead it is fueling the Obesity problem in America. Too many recipients are utilizing their benefit to purchase items that are not only void of nutrition, they are damaging to their health. “More than one-third of adults and 17% of youth in the United States are obese,” according to the Journal of the American Medical Association.<sup>1</sup>

The Obesity epidemic, driven in part by poor choices in Food Stamp purchasing, costs the U.S. and states billions of dollars. According to a Health Affairs study, the medical costs associated with Obesity are an estimated \$147 billion in 2008.<sup>2</sup> This massive spending certainly includes state’s Medicaid programs, which is a major cost driver in state and federal budgets.

Examples of real purchases made in Maine in 2013 with SNAP benefits:

- Multiple Red Bulls
- RockStar Energy Drinks
- 1-LB Bag of Reese’s Peanut Butter Cups
- 3 gallons of Hershey’s Ice Cream (one purchase)

*SOLUTION A: Recommend that allowable SNAP purchases mirror allowable purchases in the Women, Infants and Children (WIC) program. SNAP purchases should be healthy and nutritious choices.*

*SOLUTION B: At a minimum, ban the purchase of harmful products with no nutritional value that are commonly purchased at “convenience” stores, like energy drinks and other sugar-sweetened drinks (Red Bull, RockStar, Mountain Dew) and candy.*

## **2) Key SNAP purchase data is not available to States**

PROBLEM: Micro-level transaction data which shows how SNAP benefits are being spent is not available to the States because the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) does not allow its capture or dissemination. This data would provide an objective, measurable picture of where reforms are needed to ensure the program is effective in providing essential nutrition for those in need.

*SOLUTION: Require FNS and SNAP-EBT vendors (i.e. Xerox) to capture all SNAP transaction-level data and make it available to States. Transparency on how SNAP dollars are spent (Mountain Dew vs. Milk) is important to inform program officials, legislators and the public on what changes are needed in the program to ensure its effectiveness.*

## **3) EBT card traffickers can easily avoid prosecution**

PROBLEM: Electronic Benefit Transfer (EBT) cards are regularly trafficked for cash and illegal

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<sup>1</sup> <http://jama.jamanetwork.com/article.aspx?articleid=1832542>

<sup>2</sup> <http://content.healthaffairs.org/content/28/5/w822.full.pdf+html>

drugs. A suspected trafficker encountered by Law Enforcement might have multiple EBT cards on them, or a card that does not have their name or picture. The potential trafficker can claim they are authorized by the household to use the card and if the Law Enforcement agent cannot contact the household the card was issued to, there is nothing else they can do. This issue is often cited by Law Enforcement and Fraud Investigators as the number one reason EBT/SNAP traffickers avoid prosecution.

*SOLUTION: Amend 7 CFR 273.2(3) to allow only individuals who have been certified in writing as an "Authorized Representative" to possess and use the EBT card for purchases. States will collect and retain information on the authorized representative(s) for the case and can verify if possession of the EBT card is legitimate. In addition, the number of "authorized representatives," that are not part of the household, should be limited to no more than three individuals at a given time.*

#### **4) No federal requirement for Photos on EBT cards**

PROBLEM: Photos on EBT cards is permitted by federal law but discouraged by restrictive federal rules and in practice by FNS.

*SOLUTION: Require photos on all EBT cards nationwide. Photos on EBT cards deter potential criminal activity, allow for quick basic checks of card ownership by law enforcement and protect legitimate users against theft.*

#### **5) There is no federal requirement for positive identification and verification**

PROBLEM: Photo ID is permitted by law but discouraged by FNS. The transition to online applications, where Photo ID is not a factor, facilitates fraudulent applications.

*SOLUTION: Federally required in-person application meetings with a requirement that a valid photo ID is produced to ensure the individual applying is the person they claim to be.*

#### **6) Unlimited replacement cards encourage EBT card trafficking**

PROBLEM: If an EBT card containing a SNAP benefit is trafficked, it is likely the individual will request a replacement card in order to facilitate a new illicit transaction the next month when the benefits are loaded back on the account. Excessive card replacements are a top red-flag indicator of fraud. While states can monitor excessive card replacements, there is no restriction on total number of cards issued in a given time period. In addition, federal rules do not allow states to charge an individual more than the actual cost of producing a replacement EBT card. This doesn't allow states to discourage trafficking or losing EBT cards through financial penalty.

*SOLUTION: Restrict the amount of replacement cards an individual can request in a twelve-month period. Require an individual to have a face-to-face interview with an eligibility*

*specialist for initial replacement request, and with a fraud investigator present to explain the reason for more than one card replacement request. No more than two replacement cards per 12 month period.*

## **7) “Convenience stores” need more stringent requirements to participate in SNAP**

PROBLEM: The “convenience store” category of EBT retailers is of particular concern (e.g. gas stations, food marts, party stores). The majority of EBT trafficking occurs in these venues. These establishments typically do not stock the type of eligible food products that satisfy the original intent of the SNAP program. EBT redemptions typically far exceed eligible food inventory at these locations.

*SOLUTION A: Amend 7 CFR 278.1(8) - Increase the minimum eligible food inventory requirements of the four major food groups to be stocked for sale at convenience store category retailers. Current federal requirements of 3 items of each of the four major food groups are too minimal. Increasing daily food inventory requirements will require convenience store retailers to make an inventory investment to become authorized for EBT redemptions. Currently, convenience stores have minimal requirements and investment to become authorized.*

*An alternative option is to require EBT retailers to submit food inventory records on a frequency basis (quarterly or semi-annually) in order to reconcile with EBT redemptions. This could serve as a deterrent to trafficking redemptions. This option requires increased staffing resources to review inventory records, however.*

*SOLUTION B: Increase financial assurance requirements to participate as an EBT Retailer.*

*SOLUTION C: Increase penalties for non-compliance with retailer requirements (monetary penalties).*

*SOLUTION D: Increase the frequency of compliance inspections at convenience store category retailers.*

## **8) States are unable to prosecute retailer fraud and remove retailers from SNAP**

PROBLEM: The USDA’s Office of Inspector General (OIG) has sole responsibility and authority over retailer fraud investigations and enforcement in all states. There are very few agents assigned to perform this extremely important task. For example, there are just two agents covering Maine and they have other responsibilities in the rest of New England. There as few as four in the state of Michigan. Additionally, the USDA OIG agents tend to focus on larger and more high profile cases, limiting states ability to shut down smaller, convenience store type locations with fraudulent activity.

*SOLUTION: Allow States the opportunity to utilize state OIG's and state fraud investigatory entities to investigate and enforce violations on retailer fraud. For instance, Michigan's DHS OIG has 133 agents throughout Michigan who work closely with Law Enforcement and the Michigan Attorney General's Office. This type of state-based unit is better positioned to investigate and enforce EBT retailer trafficking violations in the SNAP program. At a minimum, allow for state pilots of this model.*

## **9) Cooperation with fraud investigators is not mandated by federal regulation**

PROBLEM: Recipients suspected of trafficking typically fail to appear for OIG and fraud investigation interviews. Time and resources are wasted in attempts to locate these individuals. EBT has allowed recipients mobility without notifying the department of address changes, as the EBT benefits are electronically loaded on their EBT card monthly. Their location is irrelevant.

*SOLUTION A: Federal requirement that when an individual fails to cooperate with a fraud investigation (definition of "cooperate" to be determined), the result is immediate case closure and termination of benefits, with potential penalty commensurate with actual fraud determination (e.g. suspension of any eligibility for a period of time).*

*SOLUTION B: Disallow out-of-state EBT redemptions, OR create limited time period exceptions for out-of-state redemptions. Residency requirements are questionable for extended periods for out-of-state EBT redemptions.*

## **10) Federal waivers allow for reduced work requirements and decrease program integrity**

PROBLEM: Several federal waivers of SNAP requirements have allowed States to eliminate work requirements, allow individuals with assets to gain benefits and general weakened integrity in the program.

*SOLUTION: Recommend eliminating all waivers to move the food assistance program toward the original intent of the law. Waivers include but are not limited to the following:*

- a. Asset Test – Eliminating the asset test waiver will bring the SNAP program into alignment with the Food Stamp Act as it was originally written.*
- b. Eligibility – Eliminate all categorical eligibility and simplified reporting waivers. The elimination of these waivers will go a long way in improving program integrity with the SNAP program.*
- c. ABAWD – Eliminating the ABAWD waiver will make participation in employment and training a requirement for all able bodied adults without dependents who are receiving SNAP benefits. This population is considered to be work ready and*

*should participate in employment and training as a requirement of receiving food assistance.*

### **11) The definition of “Household” is weak and allows duplicate benefit in household**

PROBLEM: Federal rule allows two individuals, living in the same household, to be defined as separate “households” if they “purchase and prepare” food separately. This can easily be manipulated to produce a dual benefit for a household that does not truly “purchase and prepare” their food separately (i.e. 27 year old living with parents claiming to buy and cook themselves).

*SOLUTION: Revise language in 7 CFR 273.1 to eliminate the option for separate “purchase and prepare” within one household.*

### **12) “Simplified Reporting” allows for gaps in program integrity**

PROBLEM: Federal rules allow for “simplified reporting” that gives states the option to only require individuals on SNAP to report household or income changes at intervals (monthly, semi-annually, annually). The intent is to make administration easier, but it creates the ability for individuals to go months without reporting a change that could impact their benefit.

*SOLUTION: Change federal rules to eliminate the option for states to do “simplified reporting” and instead require individuals to report changes in household or income as they happen to ensure accurate and up-to-date information related to their case.*

### **13) SNAP Education funds would be better utilized for employment and training**

PROBLEM: SNAP-Education (SNAP-ED) funds are used for largely ineffective efforts to train SNAP recipients on healthy eating. There are limited funds available for state employment and training programs.

*SOLUTION: Reallocate federal SNAP-ED funds for employment and training. In addition, recommend employment and training is mandatory for all SNAP recipients except for elderly, disabled, and children.*

### **14) Increase financial incentives for States to pursue fraud, waste, and abuse**

PROBLEM: States are only able to retain 35% of funds collected from intentional program violations (IPVs) or fraud to reinvest in program integrity efforts.

*SOLUTION: Allow States to retain at least 50% of funds collected from IPVs or fraud to reinvest in program integrity efforts.*

## **15) Illegal alien families receive an increased benefit because of unreported income**

PROBLEM: Illegal alien families with citizen children obtain a higher benefit than they should be eligible for because unreported income of the parent/adult is not counted. In a family where all members are citizens, all income is required to be reported and counted.

*SOLUTION: Federal Food Stamp amount for these families should be set at the same level as for comparable child-only cases from among citizen families. This would eliminate disparity between the two scenarios. As a minimum alternative, the greater of the stated income or imputed income should be applied when calculating the benefit.*

## Maine Welfare/EBT\* spending out-of-state 2011-2015

State	2011	2012	2013	2014	2015	Total
AK	\$8,794	\$11,731	\$8,845	\$6,717	\$8,846	\$44,933
AL	\$48,629	\$45,598	\$41,474	\$40,255	\$28,982	\$204,938
AR	\$23,648	\$20,608	\$15,277	\$16,228	\$12,531	\$88,291
AZ	\$81,677	\$78,941	\$80,436	\$87,522	\$65,783	\$394,360
CA	\$121,788	\$140,945	\$106,736	\$101,214	\$71,445	\$542,129
CO	\$52,219	\$56,857	\$51,694	\$40,085	\$35,307	\$236,163
CT	\$292,398	\$254,619	\$206,680	\$161,265	\$126,840	\$1,041,801
DC	\$2,252	\$3,589	\$1,712	\$2,824	\$2,810	\$13,186
DE	\$11,222	\$19,868	\$16,897	\$15,711	\$5,766	\$69,464
FL	\$842,426	\$853,575	\$805,697	\$679,825	\$547,120	\$3,728,644
GA	\$126,504	\$128,750	\$133,116	\$99,325	\$81,070	\$568,765
GU	\$169	\$0	\$0	\$0	\$0	\$169
HI	\$10,621	\$20,441	\$12,525	\$9,688	\$7,232	\$60,507
IA	\$15,261	\$17,631	\$23,380	\$19,809	\$8,136	\$84,217
ID	\$7,599	\$6,963	\$6,205	\$6,231	\$3,649	\$30,647
IL	\$35,819	\$39,590	\$33,372	\$31,041	\$19,766	\$159,588
IN	\$48,510	\$36,838	\$30,642	\$36,175	\$25,623	\$177,788
KS	\$21,304	\$21,046	\$26,430	\$8,901	\$10,998	\$88,679
KY	\$48,714	\$40,129	\$41,477	\$37,208	\$28,765	\$196,293
LA	\$44,737	\$35,201	\$49,635	\$33,299	\$10,289	\$173,162
MA	\$1,337,163	\$1,221,571	\$1,094,048	\$869,295	\$711,968	\$5,234,045
MD	\$39,153	\$45,119	\$55,256	\$43,448	\$23,368	\$206,344
MI	\$41,789	\$47,561	\$40,903	\$32,815	\$22,111	\$185,178
MN	\$32,650	\$30,703	\$31,524	\$31,037	\$49,657	\$175,571
MO	\$39,849	\$43,094	\$28,823	\$24,366	\$27,345	\$163,477
MS	\$18,250	\$25,736	\$15,766	\$11,717	\$7,097	\$78,566
MT	\$13,818	\$12,306	\$12,269	\$5,367	\$5,071	\$48,832
NC	\$174,433	\$185,133	\$166,404	\$133,679	\$95,879	\$755,527
ND	\$7,539	\$19,358	\$26,164	\$12,914	\$15,047	\$81,023
NE	\$19,359	\$16,608	\$15,111	\$17,516	\$12,954	\$81,548
NH	\$10,677,609	\$10,369,588	\$9,283,475	\$7,007,840	\$5,893,567	\$43,232,079
NJ	\$110,594	\$101,179	\$92,068	\$49,463	\$37,171	\$390,476
NM	\$17,081	\$15,275	\$15,422	\$9,594	\$11,928	\$69,299
NV	\$29,746	\$28,128	\$26,696	\$22,705	\$13,978	\$121,253
NY	\$312,449	\$306,388	\$298,436	\$236,205	\$160,980	\$1,314,457
OH	\$86,963	\$94,899	\$96,165	\$60,804	\$45,954	\$384,785
OK	\$21,727	\$27,005	\$32,451	\$17,035	\$10,991	\$109,209
OR	\$33,324	\$35,109	\$26,009	\$15,355	\$16,245	\$126,042
PA	\$162,273	\$134,747	\$137,538	\$81,426	\$63,003	\$578,987
PR	\$1,450	\$1,940	\$40	\$0	\$5	\$3,435
RI	\$152,129	\$125,919	\$118,795	\$84,301	\$50,019	\$531,163
S	\$918	\$1,572	\$205	\$0	\$0	\$2,696
SC	\$100,321	\$112,775	\$109,705	\$75,754	\$73,024	\$471,580
SD	\$6,727	\$6,130	\$5,493	\$5,453	\$4,522	\$28,326
TN	\$76,255	\$86,520	\$85,954	\$74,938	\$49,709	\$373,376
TX	\$147,856	\$130,623	\$160,521	\$151,664	\$107,633	\$698,298
UR	\$0	\$2	\$0	\$0	\$0	\$2
US	\$17,666	\$19,517	\$123	\$0	\$3	\$37,309
UT	\$17,280	\$17,039	\$11,328	\$15,068	\$11,052	\$71,767
VA	\$130,185	\$119,753	\$113,132	\$112,687	\$87,101	\$562,858
VI	\$2,442	\$1,059	\$98	\$0	\$220	\$3,819
VT	\$100,609	\$117,405	\$80,330	\$65,373	\$45,123	\$408,841
WA	\$43,285	\$41,439	\$42,920	\$29,160	\$29,076	\$185,880
WI	\$18,254	\$17,244	\$14,791	\$6,074	\$11,451	\$67,815
WV	\$30,775	\$19,814	\$17,603	\$10,841	\$10,933	\$89,966
WY	\$4,204	\$11,779	\$2,117	\$2,681	\$1,972	\$22,753
<b>Out Of State</b>	<b>\$15,870,416</b>	<b>\$15,422,960</b>	<b>\$13,949,913</b>	<b>\$10,749,898</b>	<b>\$8,807,115</b>	<b>\$64,800,302</b>

## Maine Department of Health and Human Services Commissioner Mary C. Mayhew

Appointed by Governor LePage in 2011, Commissioner Mayhew provides leadership, guidance and policy direction to the largest agency in Maine state government.

With a budget of more than \$3.4 billion and 3,400 employees, Maine DHHS is responsible for management of Maine Medicaid (MaineCare), Aging & Disability Services, Child Welfare, Adult Protective Services, Substance Abuse & Mental Health Services, Food Stamps (SNAP), Temporary Assistance for Needy Families (TANF), child support enforcement, agency licensure and public health.



Commissioner Mayhew's leadership has helped the LePage Administration reform welfare by implementing time limits and work requirements to help people onto a pathway of prosperity and out of poverty and government dependency. Mayhew has increased the Department's focus on fraud prevention, detection and prosecution to protect tax payer funding of these safety net programs for vulnerable adults and families in need of assistance.

Under her guidance, the Department has established effective program prioritization and financial management practices, halting more than a decade of multi-million dollar budget shortfalls and stabilizing Medicaid spending to focus on core priorities of serving the needs of our disabled, our elderly and our children.

The Commissioner is leading innovative reforms in Maine's Medicaid program, moving away from a sole focus on claims processing to demonstrating value and improved health outcomes for the \$2.4 billion spent annually on over 280,000 Mainers. This has been accomplished through investments in primary care and innovative care models designed to improve management of chronic diseases, integrate behavioral and physical health and reduce inappropriate use of healthcare services. Today, nearly 40 percent of Maine's Medicaid population has its care coordinated. This approach has led to many positive outcomes, including an increase in preventative screening, a 10 percent reduction in inappropriate emergency department use, and nearly 17 percent cost avoidance for members whose care is coordinated.

To strengthen and support at-risk families, Mayhew has focused on a holistic approach to improve the integration of services across the Department. Mayhew has prioritized the implementation of a nationally recognized evidence-based model to guide improved decision-making and case prioritization within child welfare.

With a keen focus on data analytics and data-informed decision-making, programs are prioritizing measurable performance outcomes to assure taxpayer funds are accomplishing meaningful goals for those served by the Department.

Prior to her appointment, Mayhew was the Senior Health Policy Advisor for the Administration. She also previously served as Vice President of the Maine Hospital Association for 11 years, managed State Government Relations for the Equifax Corporation in Atlanta, and was a legislative assistant in Washington, DC for Congressman William Alexander.