



THE MAINE HERITAGE POLICY CENTER

Press Conference Revealing Evidence of Maine Medicaid System's Vulnerability to Fraud

**Remarks by Lance Dutson, CEO
The Maine Heritage Policy Center
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Good morning. As Carol mentioned, my name is Lance Dutson, and I serve as chief executive officer of The Maine Heritage Policy Center.

Let me begin by saying that I never imagined my first week on the job would be this eventful.

The video you just watched is shocking. It shows clearly what many of us have believed for some time - that Maine's welfare system is exceedingly vulnerable to fraud, and that we have frontline stewards of taxpayer funds who are not adequately equipped to perform their duties. What we have seen in this video is unacceptable, and calls for action.

Last year, The Maine Heritage Policy Center launched a major welfare reform initiative known as *Fix the System*. Our research throughout that initiative found that between 2003 and 2010 welfare system enrollment grew 70 percent, that almost one in three Mainers is on some form of welfare, and that in 2008 alone, Maine spent more than \$2.5 billion on our welfare system.

How much of that explosive growth is due to fraud and abuse?

In this era of limited funds and budget shortfalls, can Maine taxpayers afford to have that question remain unanswered?

In a small state like Maine, we like to think that something like this doesn't happen. Sadly, this video shows that the potential for fraud is real. Action must be taken.

Part of the bipartisan budget that passed this year included several reforms MHPC called for as part of its *Fix the System* initiative. Time limits for certain benefits, elimination of benefits for legal non-citizens, and greater accountability measures for convicted drug felons are among them.

One idea we proposed that was not adopted was the creation of a diversion program. Such a program would have those seeking enrollment in the welfare system first be assisted in finding meaningful employment. Welfare would be reserved as a last resort.

Had a diversion program been in place, this video would have shown a DHHS employee running through various employment or training opportunities. What we saw instead was the employee assisting in a potentially fraudulent gaming of the system. Diversion programs not only help well-intentioned

individuals explore ways to become self-sufficient first, they also reduce the potential for fraud and abuse.

In light of the shocking details we all just saw in the video, we believe additional reforms must also be explored to identify and discourage fraud and unethical management within our welfare system.

Elected officials should explore what is best known as a Secret Shopper program for our welfare system. State authorized “secret shoppers” would visit DHHS offices seeking enrollment in our welfare system, and would monitor the responses and practices of DHHS employees as they interact with potential applicants.

If DHHS workers are found to be unethical, incompetent, or engaged in fraudulent or illegal behavior, they would be reported to the state and face whatever penalties are deemed appropriate. No one, including state employees, should be above the law. Taxpayer-funded government workers must be held accountable and to a strict set of standards to protect state resources and the public at large.

Maine should also further public trust with a series of strict penalties for individuals found to be knowingly engaged in illegal and fraudulent behavior.

If a welfare applicant or recipient is found to be hiding income, hiding assets, or committing fraud in any way in an attempt to receive taxpayer-funded welfare benefits, that individual should face a lifetime ban on all state benefits. Our safety net should be reserved for the truly needy. Those who willingly take advantage of taxpayers’ generosity should be penalized.

Similarly, if a state employee, particularly a DHHS employee, is found to be knowingly advising individuals to commit illegal or fraudulent behavior, or if known violations of law or policy are not immediately reported, that individual should face a lifetime ban from any position working in state government. There are plenty of good-natured, law abiding individuals in Maine who would appreciate a job working in government. Those positions should not be filled by known law-breakers.

I have shared each of these reform ideas with the Health and Human Services Commissioner and the Governor’s staff at our meeting this morning. I also pledged the full support of The Maine Heritage Policy Center to develop and promote welfare system reforms that root out fraud, waste and abuse while preserving our safety net for those in need.

We have to keep in perspective the reason we have these programs in place. Maine is a generous state, and we share a strong commitment to taking care of those in society who are unable to take care of themselves. The real tragedy of waste, fraud and abuse in our social welfare programs is that it diverts much-needed funding from our most vulnerable. At a time when there is a limited amount of funding available for these programs, fraud like that demonstrated in this video takes services away from those who really need it. When an offshore drug dealer receives welfare benefits because he’s hidden his earnings, a Maine family in real need is deprived of the safety net taxpayers have sought to provide.

I hope that what we have revealed today motivates action by our officials in all branches of government. The evidence this video investigation has revealed cannot be ignored.

Thank you for your attention. Carol and I are happy to answer any questions at this time.