SENATE

PUBLIC HEALTH, WELFARE & SAFETY
Exhibit No. 5
Date 1/7/2015
Bill No.

Reprioritizing and Reforming: Moving Mainers from Welfare to Work and Helping the Truly Needy

Mary Mayhew, Commissioner

Maine Department of
Health and Human Services

January 7, 2015

Department of Health and Human Services
Maine People Living Safe, Healthy and Productive Lives

Paul R. LePage, Governor

Mary C. Mayhew, Commissioner

Dateline January 2011: Hospital Debt & Unsustainable Medicaid Growth

Foundation

- Governor LePage inherited more than $740 million in debt to Maine hospitals.

- Also, he inherited a Medicaid program that had grown by over $1.3 billion in a decade and had seen enrollment jump from approximately 234,000 in 2003 to 354,000 in 2011.
  - As a result, Medicaid consumed one-of-every-four state taxpayer dollars.

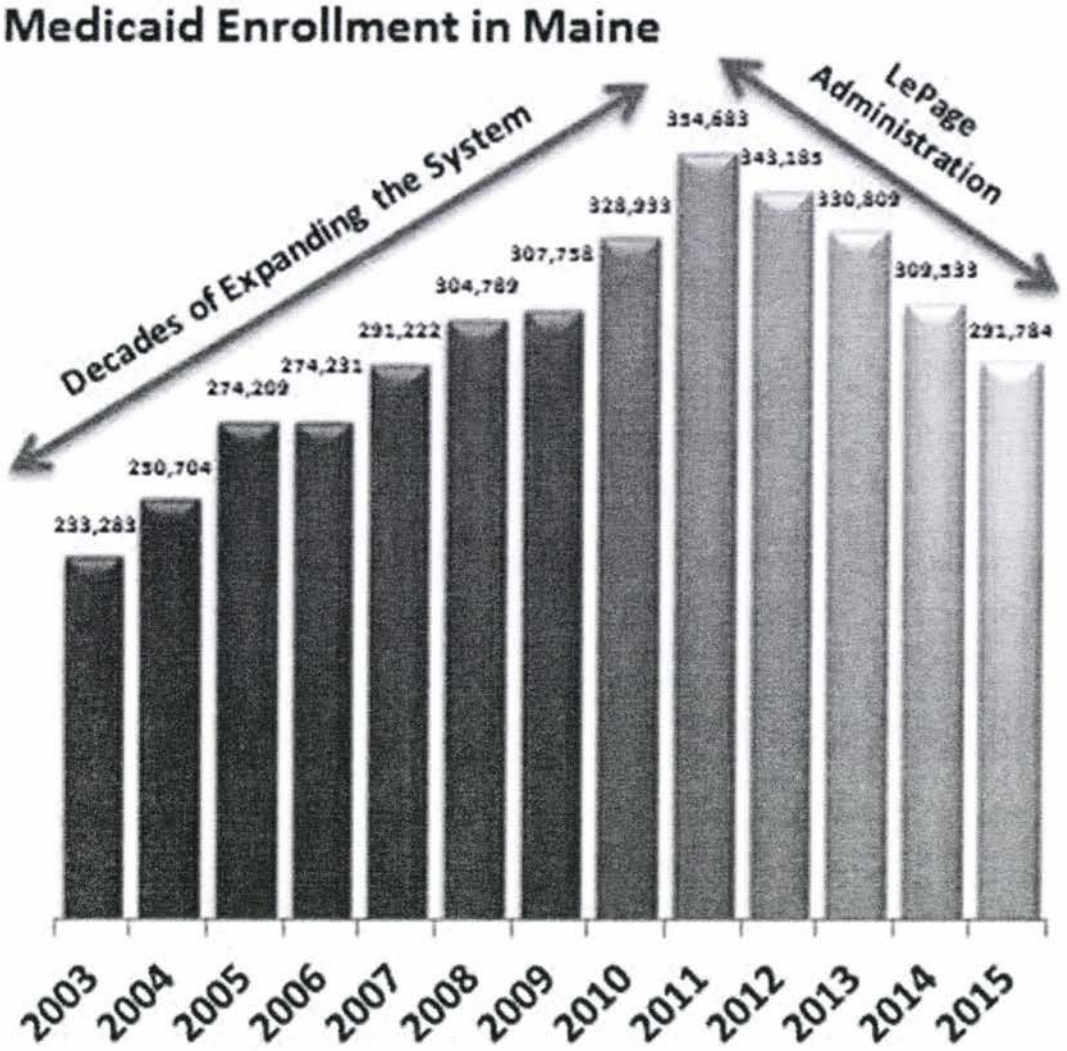
  - It was significantly hamstringing Maine's ability to dedicate resources to key priorities such as infrastructure, education and economic development.

- Moreover, MaineCare's growing enrollment came at the direct expense of priority populations, such as Maine's elderly and disabled, who have in recent years often languished on waiting lists for services.

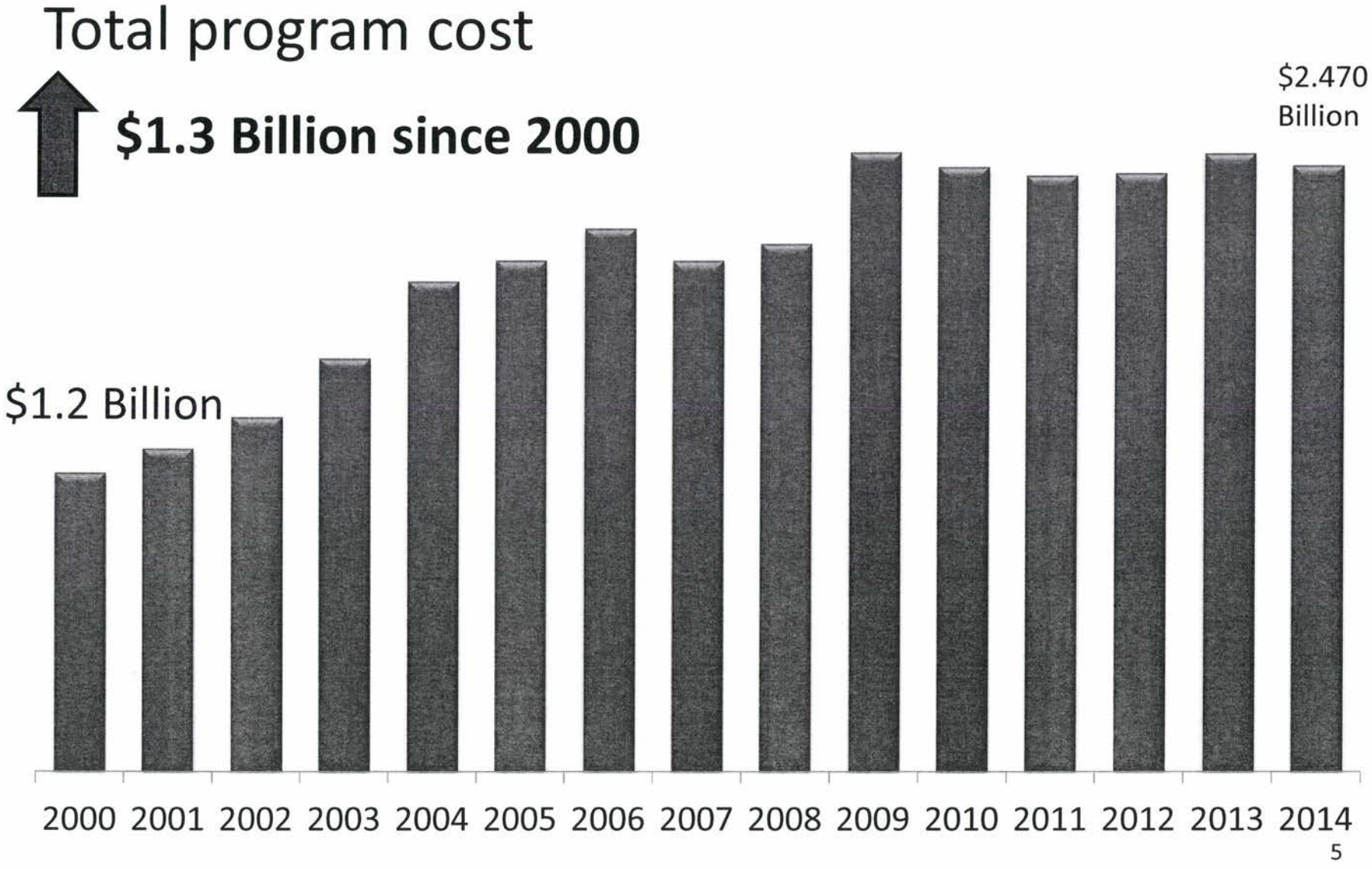
Dateline October 2014: Debts Paid & MaineCare Sustainability

- **Hospital debt paid in full**
- **Medicaid enrollment dropped from 354,000 in 2011 to 291,000 in 2014**
- **Minimal budget shortfall; growth held to about one percent**
- **More funding for wait lists and nursing homes**
- **Funds available to maintain Health Homes and enhanced PCP reimbursement**

Bringing Sustainability to Our Largest Program



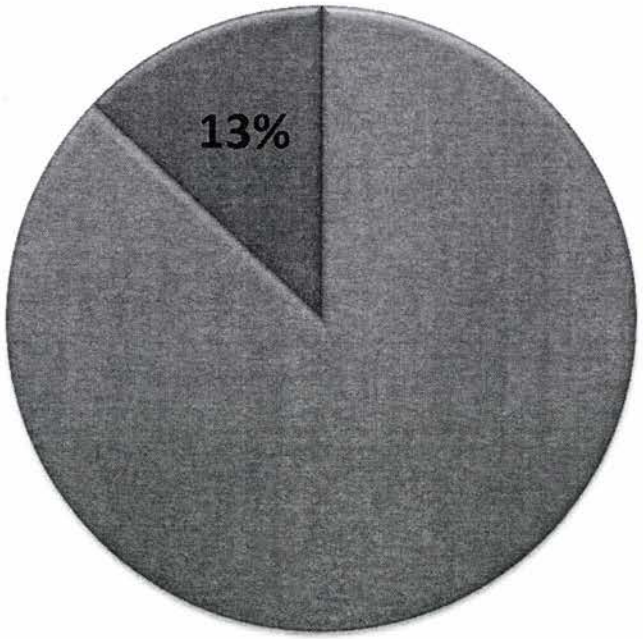
Setting the Context: MaineCare budget growth



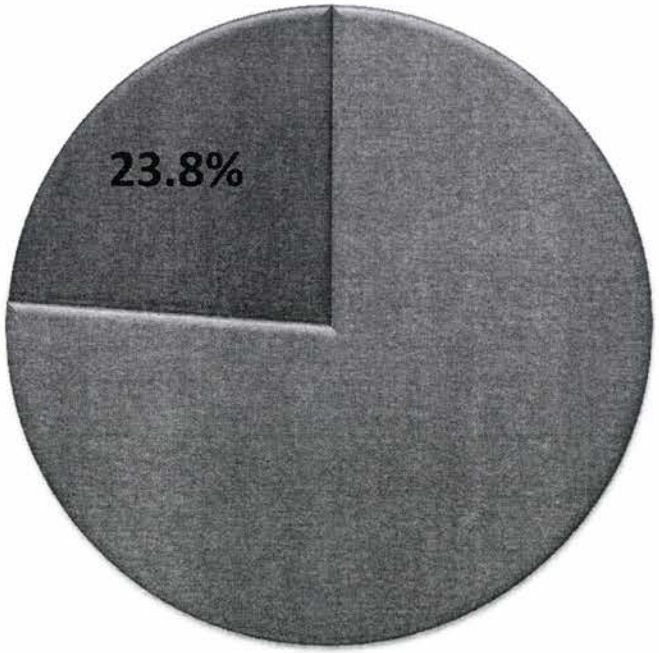
MaineCare crowding out other spending

The growth in Maine's Medicaid program is crowding out other Maine General Fund spending

1998



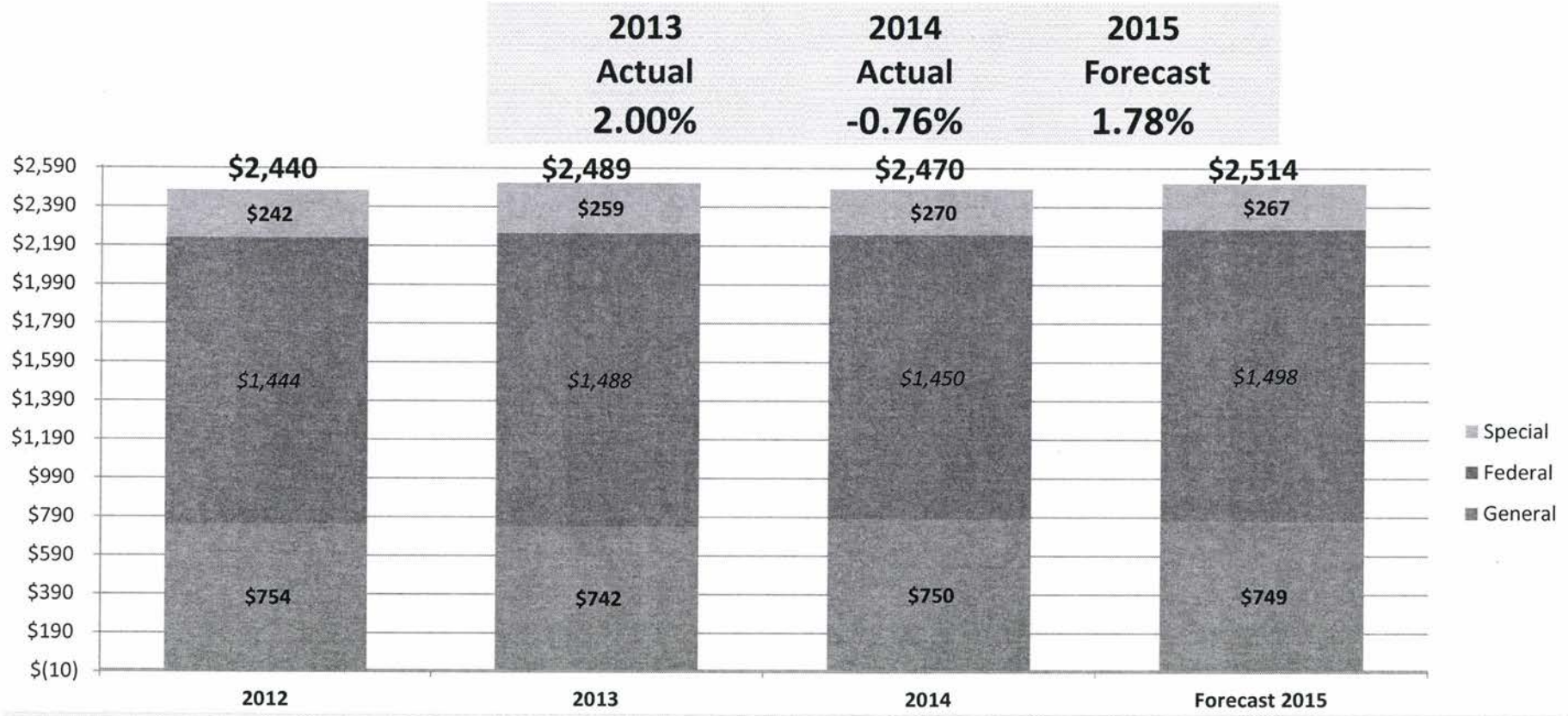
2014



All Other GF Spending MaineCare GF

DHHS MaineCare Expenditures (Millions)*

Year Over Year Growth



Average National Healthcare Growth: 4%

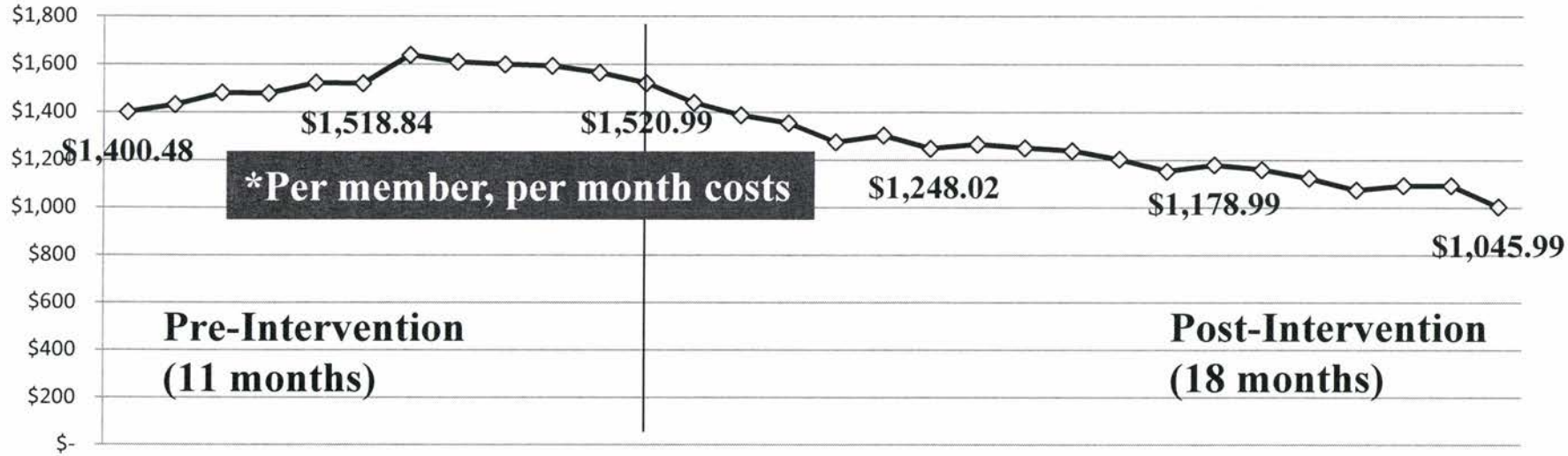
Projected Average Growth In the Next 10 Years: 5.8%

Projected Average National Medicaid Growth In the Next 10 Years: 8.1%

* Hospital Settlement of $490,200,000 removed from SFY 2014
* Actual results may change as a result of as-of activity

Current Waitlists** State-Funded Programs	Waitlist (As of Aug 2014)	Average PP Annual Cost (State Funds only)	Annual State Cost to Fund	
Consumer-directed Home Based Care	17	$18,900	$321,300	
Home Based Care	74	$8,856	$655,344	
Homemaker (Independent Support Services)	644	$1,428	$919,632	
Annual State-Funded Program Needs Totals	**735**		**$1,896,276****	
MaineCare Programs		Average PP Annual Cost (State & federal Funds)	Annual State Cost to Fund	Annual State & Federal Cost to Fund
Section 19, Elderly and Adults w/ Disabilities Waiver	0	$52,092	0	0
Section 20, Other Related Conditions Waiver	1	$201,000	$77,284.50	$201,000
Section 21, Home and Community Based Services Comprehensive Waiver	929*	$101,000	$36,077,250.50	$93,829,000
Section 29, Home and Community Based Waiver Support Waiver	446	$22,000	$3,772,714	$9,812,000
Section 22, Physically Disabled Waiver	60	$27,719	$639,477	$1,663,140
Brain Injury Residential Services	35	$95,695	$1,287,815	$3,349,325
Annual Maine Care Totals (State Funds only)	**1471**		**$41,854,541**	
Total State Funding Needed			**$43,750,817****	
Total State & Federal				**$110,750,741**

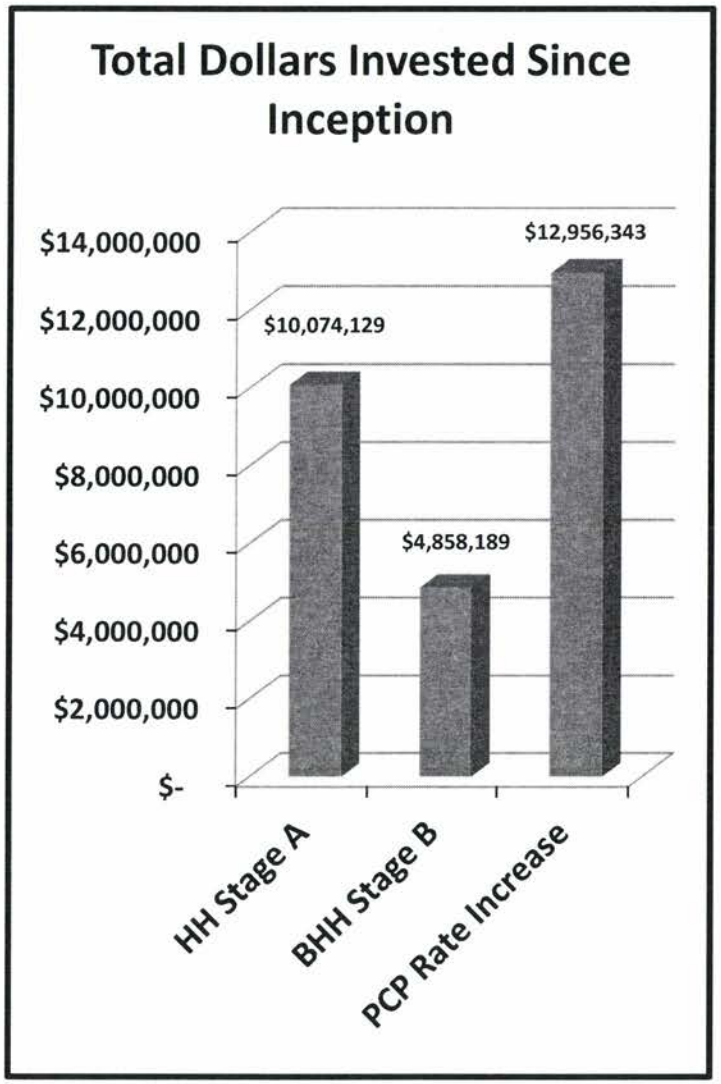
Emergency Department Collaborative

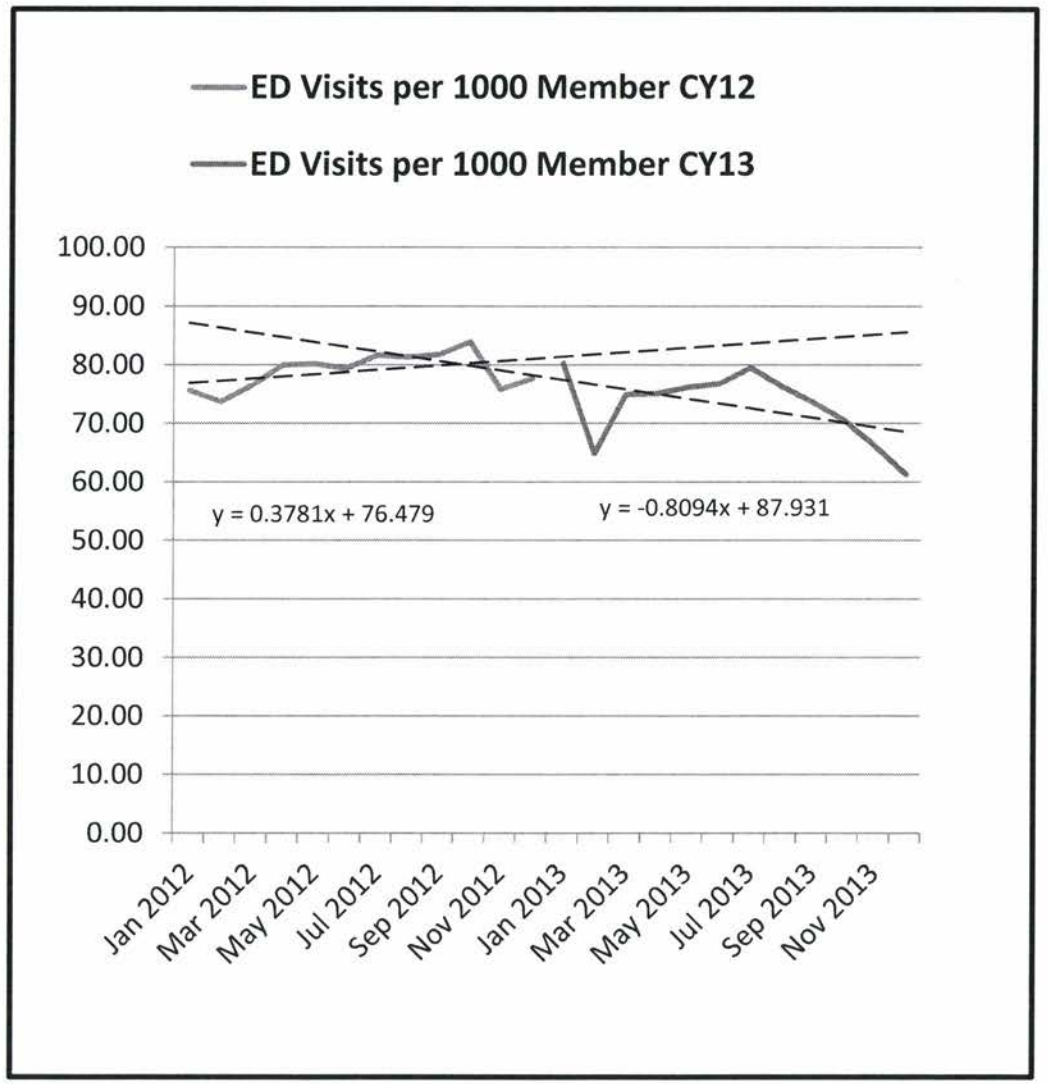


*The above graph represents outcomes for the 947 members that have received 18 months of intervention. Per member, per month costs represent outcomes at a specific point in the intervention process: 11 months pre-intervention, 6 months pre-intervention, start point, 6 months post-intervention, 12 months post-intervention and 18 months post-intervention. This graph does not represent costs at a specific point in time (i.e. May, 2014). This graph includes MaineCare incurred claims data as of May 31, 2014.

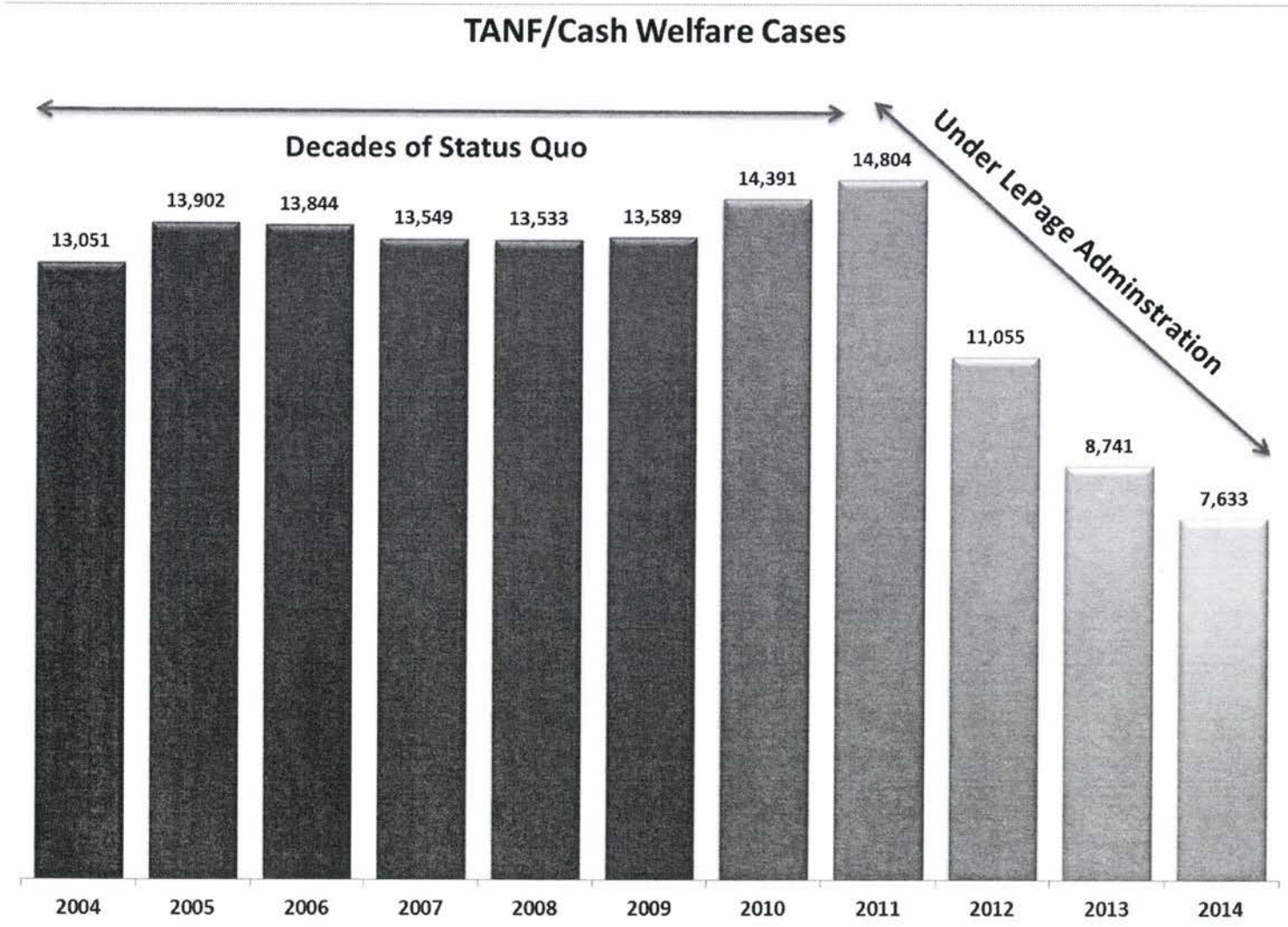
- Average number of ED visits pre-intervention: **13 in 11 months**
- Average number of ED visits post-intervention: **6 in 12 months**
- Most visits by one member pre-intervention: **141 in 11 months**
- Members managed: **947** current, **1,795** total since program inception
- Savings realized: **$8.6 million** since program inception

Health Homes: Driving Down Costs





Breaking the Cycle of Generational Dependency



TANF: From Cash Outlay to Welfare-to-Work

THE OLD TANF:

- In 2011, Maine was **one of only 7** states to allow ***unlimited, lifetime*** "Temporary" Assistance for Needy Families.
- That's because in 1997, Maine affirmatively **opted out** of the federal welfare reform's 60-month cap.
- As a result, **able-bodied, working-age** Mainers could **receive TANF checks for** as long as they want and Maine faced millions in federal fines for low work participation.

THE NEW TANF:

- **Gov. LePage implemented** the 60-month lifetime TANF cap in his first year in office.
- DHHS **transformed TANF** from a cash handout program to a job readiness program centered on **education and job training**; working closely with adult education, Maine's career centers, and a private agency providing vocational assessments.

So far...

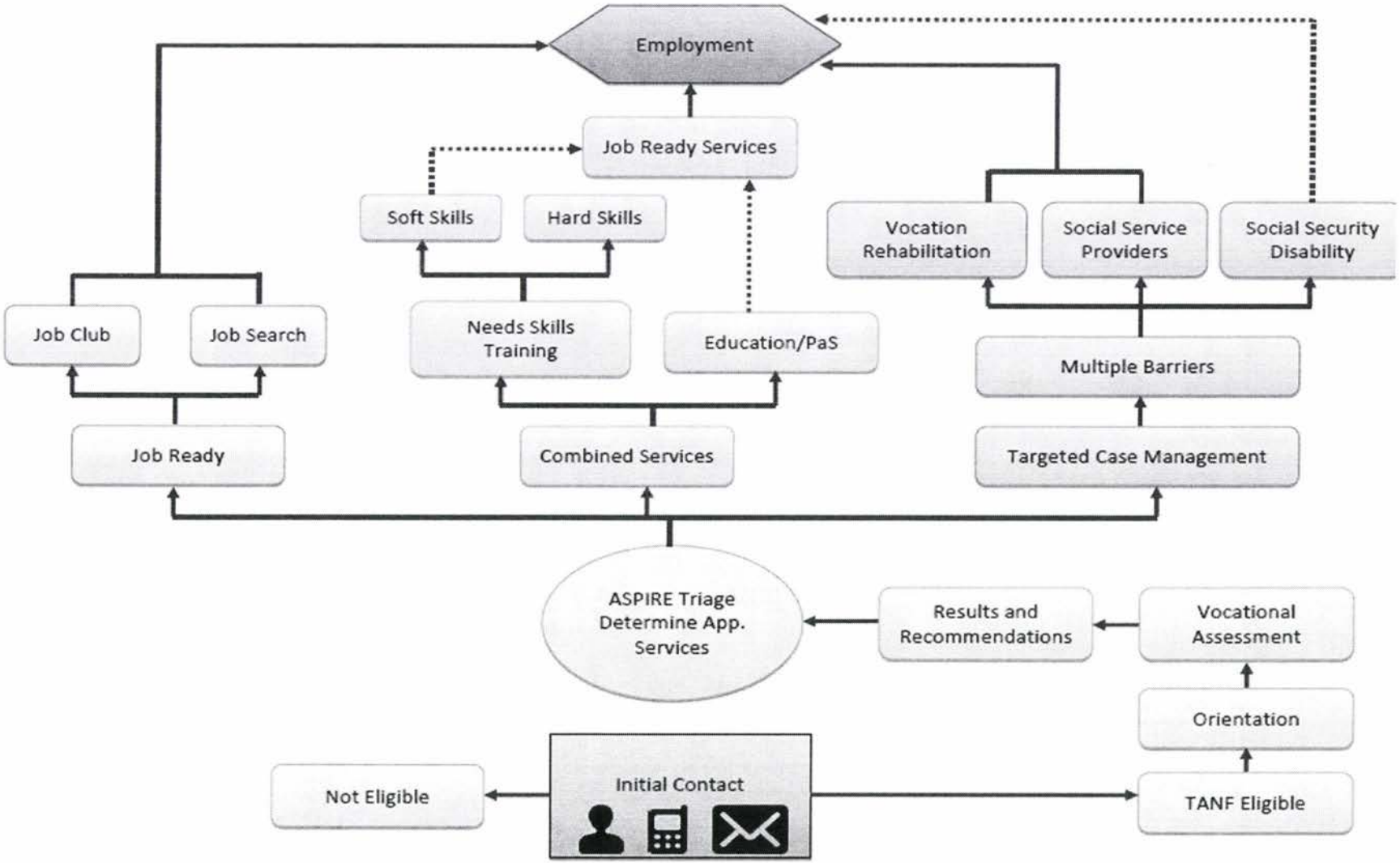
1,016 TANF recipients referred to Worksite Development Services

513 Employers have agreed to participate

332 TANF recipients placed in job training or internship programs

173 Hired into jobs paying on average $9.37/hour (25% higher than min. wage)

Pathways to Employment



Jill – A better example for her children

2007

- *Mother of two*
- *Addicted to drugs*
- *On welfare*
- *Facing felony charges*

2014

- *Mother of two*
- *Clean and sober*
- *Working full time*
- *Recently promoted*

"I hit my absolute **rock bottom** . . . I have a solid foundation now . . . [I am] finally on the road to being a stable, loving parent that could be **a role-model for her children."**

"I went on my first real job interview in a very long time and before the interview was over, I was offered the position . . . I was able to **hold my head high** knowing that I was getting up each morning to go to work, **I had a purpose in life again."**

SNAP – Quick Facts (Maine) Nov. 19

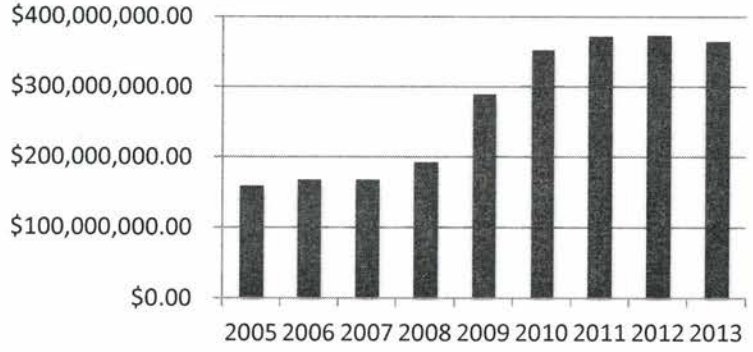
MAINE (2005)

Total Cost	*$160,380,378.09*
Individuals Receiving SNAP	*152,910*

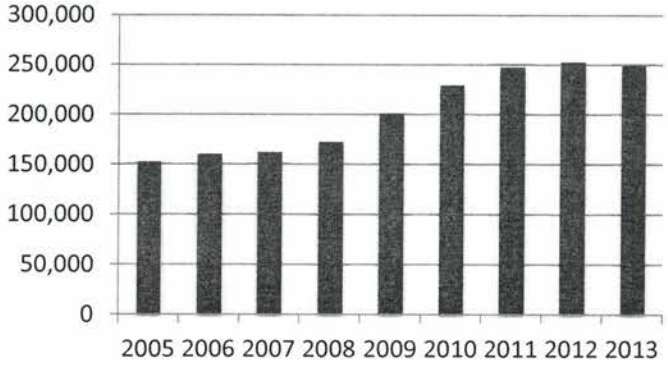
MAINE (2013)

Total Cost	*$367,069,888*	*(129% Growth)*
Individuals Receiving SNAP	*249,119*	
Total Maine Population	*1,328,000*	

Cost of Program (2005-2013)



Participation (2005-2013)



Require Able-Bodied Adults to Work

Moving people from Welfare to Work:

- Working-age adults on food stamps have had the requirement to work waived in the past
- **We are requiring all able-bodied adults, with no dependents, to work at least part time or volunteer, to continue receiving benefits**
- Supports and training in place to help get them back to work

Results:

- **To start, more than 12,000 individuals will be working, volunteering or being trained for work** or they will be in jeopardy of losing their food stamp benefit after 3 months

What's next?

- Expand welfare to work initiatives in our welfare programs
- Address federal exemptions that allow people that should work to avoid those requirements

Fighting Welfare Fraud, Waste and Abuse

1. Stop non-Mainers from abusing Maine welfare
2. Photos on EBT Cards
3. Block the use of EBT cards at prohibited locations (strip clubs, liquor stores and gambling facilities)
4. Require able-bodied individuals on food stamps to meet work requirements
5. Ban General Assistance for illegal immigrants
6. Drug testing for drug felons

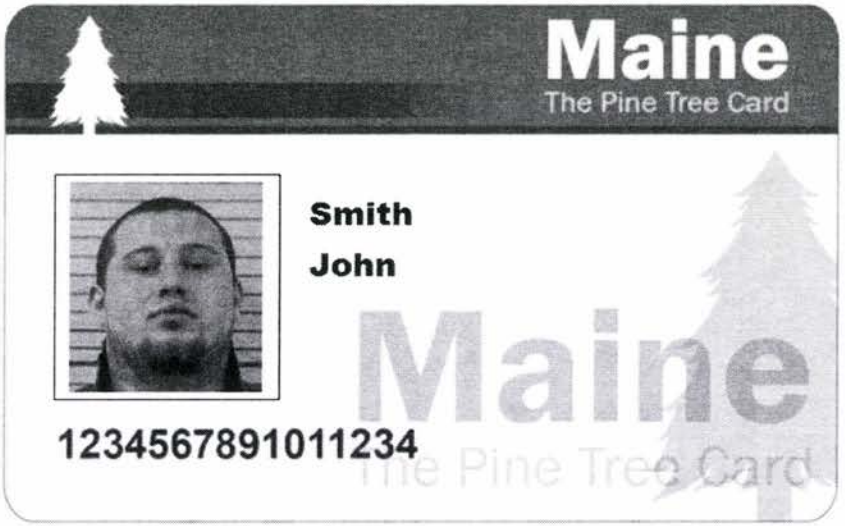
EBT Photos

What are we doing to stop the problem?

- We have implemented **photos on EBT cards** to deter fraud, protect legitimate users of EBT cards and secure taxpayer peace of mind in the program
- Doubled the number of fraud investigators and added a fraud hotline

Results:

- Photos are being added to EBT cards today
- We are investigating hundreds of cases of fraud and **this year we will turn over approximately 100 cases to the AG's office for criminal prosecution**
- More than 30 criminal cases were successfully prosecuted last year, up from just 4 a year in previous years



What's next?

- Fraud Unit enhancements - we expect to double the number of cases referred to the AG's office in 2015

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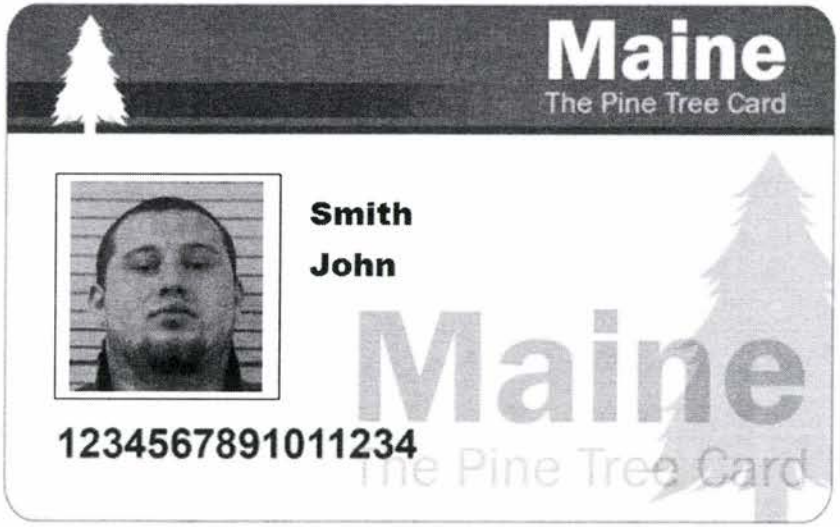

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Out of State EBT Transactions

What are we doing to stop the problem?

- Using data that has been largely ignored for years, we use cutting edge data analytics tools to find red flag spending
- Contact individuals in question (2 consecutive months out of state spending) to determine state of residence
- **Close cases where people are living out of state** or do not respond to inquiry
- Follow up with fraud investigation when warranted

Results – in just a few short months:

- 50+ cases closed
- Annual cost savings of over $260,000
- Over 150 additional cases under investigation - estimated $800,000 to $1 million in annual savings

What's next?

- **The Governor has introduced legislation to ban the use of EBT outside of Maine**

EBT Prohibited Locations Blocking

What are we doing to stop the problem?

- LePage administration passed a law in 2011 to make it illegal to use an EBT card in casinos, adult entertainment facilities or liquor stores or bars
- **Using EBT data, we check EBT transactions** for violators of this law
- We are going one step further and blocking EBT cards from being used in the first place in these locations

Results:

- **Hundreds of ATM's have been blocked** around the state in places like:
  - Bentley's Saloon, Bootleggers Tavern, Three Dollar Dewey's, Old Port Tavern, Midnight Blues and Lou's Discount Beverage Barn, The Main Tavern

What's next?

- **Ban and block more locations** including smoke shops, tattoo parlors and nail salons
- **Reform how welfare cash is accessed**, to avoid cash lump sums being abused

Drug Testing for Drug Felons on Welfare

What are we doing to stop the problem?

- LePage administration law allows the state to drug test drug felons who are receiving welfare benefits to ensure they aren't abusing drugs
- Currently the rule is with the AG's office - implementation begins immediately when the rule is finalized

Results:

- A drug felon currently receiving TANF benefits, or one applying, will be drug tested
- If they test positive, they must enroll into an approved substance abuse treatment program
- If they fail to comply, or fail the program, they will lose their benefit

What's next?

- **Tighten this law to include those with a proven substance abuse problem**