

Good afternoon, my name is Mary Mayhew. I am here today as a senior research fellow on behalf of Opportunity Solutions Project. We are a non-partisan organization dedicated to sharing proven state-level best practices in welfare reform nationwide to help expand opportunity for all. I am also here as a former Commissioner of the Maine Department of Health & Human Services.

I am here today to share with you some best practices outlined in HB 119. These reforms have one major purpose in common: to protect these critical safety net programs by securing the limited tax payer funding for those who are truly eligible.

This bill would codify some of what the Department of Job and Family Services is already doing to fight fraud on the front end and provide them with additional tools on the back end to ensure that only those who are actually eligible for these programs remain enrolled. Because remember: every dollar spent on someone who is not eligible is a dollar that can't be spent on the truly needy. With Medicaid in particular, as a managed care state, you are paying the MCOs a fixed capitated rate per person – whether they are eligible or not; whether they are using any services or not

As a former Commissioner, I appreciate the challenges of older technology, the overwhelming administrative burden of caseloads and the pressure to quickly process applications. Many eligibility systems were not designed to provide the level of support needed to seamlessly identify program integrity issues or eligibility concerns. Imagine if you could – in close to real time – know if someone on food stamps, Medicaid, or both has moved out of state, has gotten a new job, or a raise, or even worked more hours, has won a lottery jackpot, has gone to jail, or even died. These changes affect eligibility and are part of laws and regulations governing eligibility for these programs. While life changes happen throughout the year; the only way to capture those changes is through more active monitoring between eligibility certification periods.

So what kind of life changes are we talking about? Changes in wages or employment, changes in residency status, changes in financial resources for programs with resource limits, lottery winnings, death records, and things of that sort.

In Maine, we began reviewing EBT card transactions which led to a number of red flags specifically the millions of dollars being spent outside of Maine. The use of food stamps and welfare cash assistance used in Disney World is concerning because of the intended purpose of these programs - to support individuals in poverty with basic necessities but the larger concern were individuals who were using their EBT card outside of the state for extended periods of time. That's a pretty good indication that they are no longer residents. We now routinely analyze out-of-state spending patterns to flag those cases immediately, instead of waiting until the next recertification period or the next redetermination.

That transaction data can be useful for a lot of other things as well. It can help identify suspicious patterns – large, even-dollar transactions, transactions that wipe out the entire balance at once,

manual entries, multiple consecutive transactions, transactions at retailers where multiple red flags like these have been raised, etc. The transaction data will be helpful in real-time fraud prevention, because it's an unfortunate reality that EBT cards in particular are being sold for pennies on the dollar or used as currency in the drug trade. I had DEA agents who would routinely confiscate EBT cards during a drug bust and none of the cards belonged to anyone arrested. We had a close working relationship with law enforcement to return these cards to us for appropriate follow-up. Additionally, through the monitoring of the EBT card transactional data, we identified a tiny little store with one cash register, no grocery carts doing more WIC transactions and nearly as many food stamp transactions as a nearby large grocery store with 18 cash registers. Ultimately we referred this case to the FBI and we worked to supply the FBI with this EBT transactional data to use in their investigation. The affidavit of the confidential informant reads like a great crime novel. The owner was keeping EBT cards and swiping them at the beginning of each month and splitting the cash with his customers. They were also using the funds to submit fraudulent tax returns. After several years, the owners of this store were recently convicted for

This case is not unique to Maine. There have been many high profile cases in other states. Too few states are regularly monitoring this data and then acting on suspicious patterns. Once you start looking at transaction data for eligibility, it's a smooth process to using it for other anti-fraud purposes.

Other states also contract with private vendors to provide nationwide best address searches. Arkansas, for example, recently ran all Medicaid enrollees through a residency audit. They identified nearly 43,000 individuals with most recent addresses out-of-state. Roughly 7,000 had no record of ever even living in Arkansas.

But this goes beyond just residency. Crosschecking death records is vitally important. A recent audit in Illinois identified more than 14,000 individuals who had died – some as early as 1989 – were still enrolled in Medicaid. The State Auditor's report on food stamps identified some people receiving food stamps for more than a year after they died. Even Florida, which has one of the most advanced identity verification systems in the country, recently found \$30 million in spending on enrollees who had died an average of 264 days before being removed – with dates of death stretching back to 1981.

This bill would also give the state new tools to crosscheck welfare enrollees against lottery winners – Michigan recently identified more than 7,000 lottery winners still receiving welfare, including some who won jackpots of up to \$4 million. Most of those winnings went unreported until the state began sharing data between the agencies.

It would also give the Administration new tools for identity authentication. And here is why that matters: when Arkansas cross-checked their enrollment against one of those identity data sources, they found more than 20,000 enrollees with high risk identities. That means that those individuals had Social Security numbers that were linked to multiple people, were stolen, or even faked in some cases.

Based on the experiences we've seen in other states, we think you could conservatively save between 2 to 4 percent of Medicaid spending by using more frequently cross-checking and better data tools, once fully implemented.

But let's go back for a second to why that matters. Again, it's all about preserving resources for the truly needy. Every dollar spent on someone who isn't eligible is a dollar that can't be spent on, say, services for kids with developmental disabilities.

We don't live in a world of unlimited resources. While the federal government can ignore the need to balance its budget, states cannot. When those ends do not meet at the state level, you all must make difficult decisions to prioritize spending. When I became Commissioner in Maine, the Department had been hemorrhaging red ink for years and routinely had large budget shortfalls.

HB 119 will bring Ohio's welfare programs into the 21st century and ensure that the state can preserve its limited resources for the truly needy. Thank you and I am happy to answer any questions.

# Man who traded welfare benefits at his Portland market pleads guilty to fraud

Ali Ratib Daham, one of 2 brothers charged with defrauding the government of nearly \$1.4 million, faces as much as 20 years in prison.



BY **ERIC RUSSELL** STAFF WRITER



Ali Ratib Daham, former owner of Ahrām Halal Market in Portland, faces up to 20 years in prison after pleading guilty Tuesday to money laundering, theft and conspiracy to defraud. *Staff file photo by Shawn Patrick Ouellette*

A federal judge on Tuesday accepted guilty pleas from a former halal market owner in Portland who used his store to traffick public assistance benefits, including food stamps.

U.S. District Judge D. Brock Hornby said he was satisfied that the government could have demonstrated, had the case gone to trial, that Ali Ratib Daham, 40, of Westbrook conspired to defraud the government of about \$1.4 million between 2011 and 2016.



Ratib Daham, 40, talks on the phone after walking out of the federal courthouse in Portland on May 4. He and his brother, Abdulkareem Daham, 21, were charged with conspiring to defraud the United States through their operation of Ahrum Halal Market on Forest Avenue. *Staff photo by Brianna Soukup*

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Assistant U.S. Attorney Jim Chapman said the case against Daham was one of the largest welfare fraud cases he's ever prosecuted. He called the plea agreement an acceptable resolution for all parties.

Walt McKee, Daham's attorney, declined to comment until after sentencing, which will be scheduled in the spring of 2018.

Chapman said he has not started working on his sentencing recommendation but Daham could face a maximum of 20 years in prison, plus restitution of the amount taken.

The Iraqi immigrant and naturalized citizen [was indicted in April on 25 counts](#) following an investigation into transactions at his business, the Ahram Halal Market on Forest Avenue, near Woodfords Corner, which he operated with his 21-year-old brother, Abdulkareem Daham. The market's inventory included breads, fruits, vegetables, meats, dairy products and canned goods. It also sold phone cards, over-the-counter medications, household items and hookah products, and was popular with immigrants.

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Investigators with the Maine Department of Health and Human Services became suspicious when they noticed Daham's business was processing an unusually high volume of Supplemental Nutrition Assistance Program benefits, or food stamps.

Chapman said the average food stamp transaction at Daham's market was \$85, much higher than the Hannaford supermarket on Forest Avenue, a much bigger store that averaged only \$33 per transaction during the period in question.

A joint investigation by the FBI, the U.S. Department of Agriculture's Office of the Inspector General, the Internal Revenue Service's Criminal Investigation Unit, and the Recovery Unit of Maine DHHS revealed that Daham and his brother regularly allowed customers to exchange their public assistance for cash. This included both food stamps and benefits under the Special Supplemental Nutrition Program for Women, Infants or Children, known as WIC.

SNAP, a federal program formerly known as food stamps, is designed to raise the level of nutrition among low-income households. WIC is a federal program

that provides supplemental food, health care referrals and nutrition for certain low-income women, and to infants and children as old as 5 who are determined to be nutritionally at risk.

“It was further part of the conspiracy that the defendants used some of the SNAP and WIC receipts from fraudulent transactions to purchase food inventory, to pay for the store’s operating expenses and for their personal use,” the indictment states.

Peter Rodway, the attorney for Abdulkareem Daham, said in an email Monday that his client’s case is on the trial list for Jan. 8. Rodway said that his client “is charged only with a single count of conspiracy to defraud the U.S. government.”

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Under their business arrangement, Ali Daham ran the market, while his brother worked as a cashier.

As part of his agreement, Daham pleaded guilty Tuesday to three counts and the other 22 were dropped. He also agreed to forfeit approximately \$80,000 in cash that was seized last year and to pay the full amount of restitution, \$1.4 million.

Daham is no longer involved with the market, which has reopened under new management.

The [investigation was first publicized last fall](#) on Lifezette.com, a news site founded by Laura Ingraham, a conservative talk radio host and a longtime Fox News contributor. Soon after that, Portland police said someone used a baseball bat to [smash six storefront windows](#) at the market on Christmas Eve.

Following the vandalism, a national advocacy group called on police to investigate whether anti-Muslim bias motivated the destruction.

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