



Commonwealth of Massachusetts  
Office of the State Auditor  
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*Making government work better*

Official Report – August 20, 2019

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## Bureau of Special Investigations 4th Quarter Report

Fiscal Year 2019  
April 1, 2019 – June 30, 2019



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## TABLE OF CONTENTS

**ABOUT THE BUREAU OF SPECIAL INVESTIGATIONS..... 1**

**4<sup>TH</sup> QUARTER SUMMARY BY UNIT..... 3**

**NOTABLE BSI ACTIVITY..... 7**

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## ABOUT THE BUREAU OF SPECIAL INVESTIGATIONS

As a part of the Office of the State Auditor, the Bureau of Special Investigations (BSI) is charged with investigating allegations of public assistance fraud throughout the Commonwealth in order to make government work better. The diligent work of BSI fraud examiners ensures taxpayer dollars used to fund Massachusetts' public benefit programs are managed effectively so that programs are available to residents who truly need them.

Under state law, BSI's investigative authority extends to any assistance program administered by the Department of Transitional Assistance (DTA); the Department of Children and Families (DCF);<sup>1</sup> and the Division of Medical Assistance, which administers MassHealth (the state's Medicaid program). Although the Department of Early Education and Care (EEC) is not included in the BSI statute, BSI also works with EEC through a Memorandum of Understanding. As a result of BSI's investigations, public assistance fraud cases are adjudicated in the following ways: cases are referred to agencies for administrative action, fraudulent overpayments are recovered through civil agreements, individuals are disqualified from programs for specified periods of time, and cases are prosecuted in state district or superior courts and the U.S. District Court for the District of Massachusetts. BSI recommends cases for prosecution based on the severity of the fraud, the intent of the perpetrator, and the possibility for the case to serve as a deterrent to future fraud.

Working under Section 17 of Chapter 11 of the Massachusetts General Laws, BSI fraud examiners operate from three offices across the Commonwealth. BSI consists of four separate investigative units: the Central Processing Unit, the MassHealth Unit, the DTA Unit, and the Data Analytics Unit. An Assistant Director, who reports to the Director of BSI, heads each unit. While each unit has its own specific concentration, there is extensive cross-unit collaboration, and investigations often involve overlap. BSI also participates in joint investigations and task forces with other state and federal agencies that focus on combating fraudulent activities throughout the Commonwealth.

This report summarizes BSI's work in the 4<sup>th</sup> quarter of fiscal year 2019, during which BSI identified \$3,044,602.52 in fraud.

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<sup>1</sup> DCF does not administer public assistance funding and therefore does not fall within the scope of BSI's investigative work.

**Figure 1. Total Identified Fraud by Referral Source**

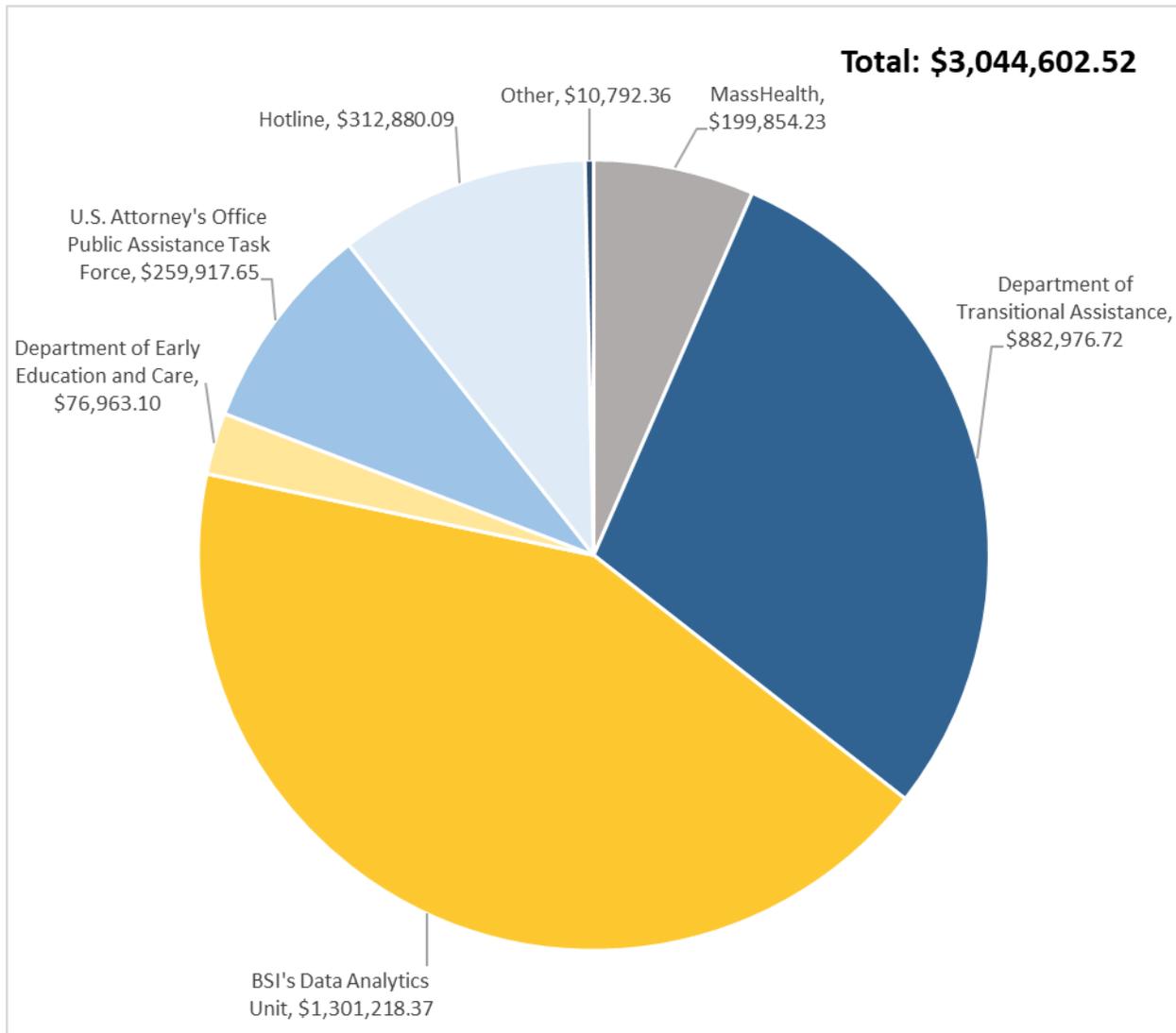


Figure 1. The total amount of fraud BSI identified in the 4<sup>th</sup> quarter of fiscal year 2019, organized by the referral source.

## 4<sup>th</sup> QUARTER SUMMARY BY UNIT

### Central Processing Unit

The Central Processing Unit (CPU) received 1,147 new referrals for investigation in the 4<sup>th</sup> quarter of fiscal year 2019 (FY19) from the following sources:

Source	Number of Referrals	Percentage of Total
<b>Department of Transitional Assistance (DTA)</b>	740	64.5%
<b>MassHealth</b>	261	22.8%
<b>Hotline</b>	124	10.8%
<b>Task Force</b>	11	0.9%
<b>Data Analytics Unit (DAU)</b>	6	0.5%
<b>Other</b>	3	0.3%
<b>Department of Early Education and Care (EEC)</b>	2	0.2%

The primary sources of fraud in these 1,147 new referrals based on the number of cases are as follows:

Type	Number of Cases	Percentage of Total
<b>Supplemental Nutrition Assistance Program (SNAP)</b>	458	39.9%
<b>Classification to Be Determined</b>	299	26.1%
<b>MassHealth</b>	246	21.5%
<b>Transitional Aid to Families with Dependent Children (TAFDC)</b>	114	9.9%
<b>Emergency Aid to the Elderly, Disabled and Children (EAEDC)</b>	26	2.3%
<b>Other</b>	4	0.3%

CPU processed, analyzed, and reviewed 1,117 cases. It identified 161 referrals as potential Intentional Program Violation cases, where BSI determined that a fraud claim had merit but returned the case to DTA for further action based on our evidence. Additionally, CPU closed 703 cases administratively with a finding of no fraud after completing a preliminary investigation. CPU designated the remaining 253 cases

for assignment to either the MassHealth Unit or the DTA Unit. CPU team members also completed 52 DTA investigations, identifying fraud in 47 of those cases. The five remaining cases contained no fraud.

CPU continued to assist with ongoing investigations conducted by BSI units by requesting outstanding leads as they pertain to the allegation type. To substantiate allegations, CPU sent out electronic requests for information to various agencies, completing 87 Massachusetts Department of Revenue (DOR) tax return document transcriptions, 9 DOR child support record requests, and 11 Department of Unemployment Assistance benefit claim record reviews.

## **MassHealth Unit**

During the 4<sup>th</sup> quarter of FY19, there were 108 new cases assigned to the MassHealth Unit, which completed 117 investigations assigned in this and previous quarters and identified \$460,906.32<sup>2</sup> in fraud in 56 cases. The remaining 61 cases resulted in findings of no fraud or were closed administratively.

The MassHealth Unit also completed six civil recovery cases, totaling \$49,456.49.

The MassHealth Unit filed two criminal complaints during the 4<sup>th</sup> quarter of FY19. The first case, filed in the Boston Municipal Court (BMC), involved an individual who was residing out of state but unlawfully received \$54,411.57 in MassHealth benefits. The second case, also filed in the BMC, involved a couple who allegedly resided together and failed to report their income to MassHealth accurately and, as a result, received \$60,063.31 in MassHealth benefits.

Also during the 4<sup>th</sup> quarter of FY19, the MassHealth Unit resolved a case in Quincy District Court involving a MassHealth recipient who was allegedly residing out of state. The case was continued without a finding for one year, and the subject was ordered to complete 100 hours of community service.

The MassHealth Unit works closely with MassHealth management and meets monthly with MassHealth's Program Integrity Unit while maintaining constant contact with stakeholders, including the Executive Office of Elder Affairs, fiscal intermediaries, UMass Medical Center, and the Attorney General's Office, resulting in increased referrals to BSI. In addition, the MassHealth Unit continues to participate in the Personal Care Attendant (PCA) Task Force along with MassHealth and the Attorney

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<sup>2</sup> The figure includes referrals from MassHealth and BSI's DAU.

General's Medicaid Fraud Control Unit, where the collaborative goals are to identify fraud in the PCA program, avoid duplicative investigations, and foster greater communication and productivity between the agencies.

### **Department of Transitional Assistance Unit**

For the 4<sup>th</sup> quarter of FY19, the DTA Unit completed 813 cases, identifying fraud totaling \$1,139,119.00 in 131 cases. In total, the DTA Unit identified the following fraud: \$735,065.16 in SNAP benefits, \$28,236.73 in EEC benefits, \$282,813.80 in TAFDC benefits, and \$98,469.31 in EAEDC benefits.

The DTA Unit conducted 13 civil recoveries, totaling \$233,479.13 fraudulently obtained from the Commonwealth.

The DTA Unit filed criminal charges in four cases during the 4<sup>th</sup> quarter of FY19. In the first case, filed in Springfield District Court, the subject allegedly failed to report to DTA that his dependents did not reside with him while he was in receipt of \$6,824.00 in SNAP benefits and \$7,707.40 in TAFDC benefits. The second case, filed in New Bedford District Court, involved a subject who allegedly failed to report to DTA that a non-custodial parent (NCP) was residing in the home and failed to report the NCP's income to DTA, which led to her unlawful receipt of \$24,391.82 in SNAP benefits and \$69.82 in EAEDC benefits. The third case, filed in Brockton District Court, came to BSI as an allegation that the subject was living above her means, with eight children and one adult reportedly living in a household without any income. Following BSI's investigation, it was determined that the subject allegedly failed to report to DTA that an NCP was residing in the home and failed to report his income to DTA, which led to her unlawful receipt of \$67,155.00 in SNAP benefits. The fourth case, filed in the BMC, involved another subject who allegedly failed to report that her dependents did not reside with her while she was in receipt of \$8,629.00 in SNAP benefits and \$12,634.00 in TAFDC benefits.

### **Data Analytics Unit**

For the 4<sup>th</sup> quarter of FY19, the MassHealth and DTA Units completed 35 cases and identified fraud totaling \$1,301,218.37 in 20 of those cases. These cases were DAU-generated referrals from the previous quarter's DTA referral project, which resulted in 54 new referrals for BSI's DTA Unit. Out of the 54 new referrals, the DAU completed 19 cases, identifying fraud in 14 of them. The majority of the cases

identified fraud in connection with individuals who failed to disclose or attempted to conceal their earned income while they were in receipt of cash assistance or SNAP benefits from DTA.

The DAU also generated and referred six cases to BSI's MassHealth Unit. These referrals identified individuals who were employed as PCAs and failed to report their incomes to the MassHealth program.

The DAU identified and referred several instances of improper billing related to home health care and adult foster care services provided within the Medicaid program. The DAU's findings, which detailed claim violations by five Medicaid providers, were referred to the Audit Operations Division for the Office of the State Auditor (OSA).

The DAU continued its efforts to uncover suspicious activity related to providers participating in the MassHealth program. The DAU opened an investigation into a MassHealth provider following a complaint received from OSA's Audit Operations Division; that investigation is active and ongoing. The DAU also continued its work on the three joint investigations with federal law enforcement partners that participate in the Public Benefits Fraud Federal Task Force, and, like the MassHealth Unit, the DAU continues to participate in the PCA Task Force.

## **NOTABLE BSI ACTIVITY**

### **Dominican National Pleads Guilty to Misusing Social Security Number and Stealing Government Benefits**

On April 12, 2019, a Dominican national pleaded guilty in U.S. District Court in Boston to one count of falsely representing a Social Security number and one count of the theft of public money. On July 16, 2019, she was sentenced to one year and one day in prison and two years of supervised release, and ordered to pay \$164,987 in restitution. She will be subject to deportation upon completion of her sentence.

BSI's investigation revealed that in August 2001, the woman used the name, Social Security number, and date of birth of a U.S. citizen from Puerto Rico to apply to participate in the Department of Housing and Urban Development's Section 8 Program. The woman used the Puerto Rican citizen's identity to apply for Section 8 benefits, MassHealth benefits, and a Massachusetts driver's license.

While receiving benefits under the stolen identity, the woman applied for and received additional Section 8 housing vouchers and Supplemental Nutrition Assistance Program (SNAP) benefits using her true name; she received these benefits on behalf of her daughter, who is a U.S. citizen. The woman's failure to report the income she earned using the stolen identity prohibited these benefit programs from being able to determine her eligibility for them. As a result, the woman received more than \$164,000 in federally funded housing assistance, MassHealth, and SNAP benefits.

The U.S. Attorney's Office's Major Crimes Unit prosecuted the case.

### **Pittsfield Woman Ordered to Repay MassHealth Fraud in Full**

On April 30, 2019, a Pittsfield woman was ordered to pay restitution totaling \$14,946.47 in Pittsfield District Court as a condition of her case being continued without a finding for one year. The woman paid \$2,000 on the date of sentencing and was given 18 months to pay the remaining balance in full.

A BSI fraud examiner's investigation revealed that from July 2017 through November 2017, the defendant stole \$14,946.47 in MassHealth benefits by billing MassHealth for personal care attendant services for her mother while her mother was in a nursing home.

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## **Pembroke Man Pleads Guilty, Sentenced for Misusing SNAP Benefits**

On June 10, 2019, a Pembroke man pleaded guilty in Plymouth Superior Court for his scheme to defraud the Department of Transitional Assistance. The man, who worked at a group residential facility, used a resident's electronic benefit card for SNAP benefits to purchase food items without the resident's knowledge or consent. In total, the man fraudulently used \$18,860 of the resident's SNAP benefits. He pleaded guilty to one count of larceny under \$250.

After his plea, the defendant received a sentence of two years of probation and was ordered to repay \$3,000 in restitution. The defendant presented to court with the restitution payment in full.

## **BSI Staff Training**

On April 23, 2019, Laura Kessler, Vice President / General Counsel of the Insurance Fraud Bureau (IFB) of Massachusetts, presented training to BSI's staff about the IFB and the work it does throughout the Commonwealth. Similar to BSI, the IFB was created by statute and is a private investigative agency that investigates suspected fraudulent insurance claims. IFB's statute gives it the authority to investigate all lines of insurance fraud, and although it handles cases involving disability, property, marine, life, annuity, and health insurance claims, as well as insurance industry insider fraud, it concentrates on automobile and workers' compensation fraud.

On May 30, 2019, MassHealth staff members presented training to BSI's staff about recent changes to MassHealth's eligibility regulations regarding income and household composition for members 64 and under, and for those 65 and over.

These presentations are part of an ongoing series to promote staff education, development, and training. Moreover, these presentations equip BSI's staff with the tools and information to work smarter and more efficiently in safeguarding the Commonwealth's public assistance benefit programs.

While the bulk of cases BSI investigates are referred from state agencies and law enforcement, the general public also plays a vital role in reporting fraud. The Office of the State Auditor has an online form to report public assistance fraud: <https://www.mass.gov/forms/report-public-benefit-fraud-online>. Citizens can also use BSI's fraud reporting hotline: (617) 727-6771. All complaints are kept confidential.