



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Bureau of Special Investigations Annual Report

Fiscal Year 2017
July 1, 2016–June 30, 2017



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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. The diligent work of BSI examiners ensures that taxpayer dollars, which fund Massachusetts' public benefits programs, are used effectively so that public benefits 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),¹ 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 works with EEC through a Memorandum of Understanding. As a result of BSI's investigations, public assistance fraud 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 United States District Court for the District of Massachusetts. BSI recommends cases for prosecution based on the severity of 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 examiners operate from five 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 (DAU). Each unit is headed by an Assistant Director who reports directly to the Director of BSI. While each unit has its own specific concentration, all of the BSI units collaborate with one another, and investigations often involve overlap. BSI participates in joint investigations and task forces that focus on combating fraudulent activities with other state and federal agencies across the Commonwealth.

This report, as statutorily required, summarizes BSI's work in fiscal year 2017.

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

EXECUTIVE SUMMARY

The fiscal year 2017 (FY17) Annual Report of the Bureau of Special Investigations (BSI) summarizes BSI's work and initiatives to execute the Office of the State Auditor's mission to make government work better. This is done through BSI's statutory charge to investigate fraud, abuse, and illegal acts involving public assistance benefits throughout the Commonwealth. During FY17, BSI continued to successfully identify and investigate fraud in order to maintain program integrity and uphold the Commonwealth's residents' faith in public assistance programs. Our efforts ensure that public assistance programs operate with integrity so that benefits are available to residents who truly need them. Public assistance programs from the Department of Transitional Assistance (DTA), the Department of Early Education and Care (EEC), and MassHealth serve as a vital safety net for the Commonwealth's most vulnerable and disadvantaged residents—children, the disabled, low income individuals and families, and seniors. The demographics of recipients for the two largest public assistance programs, MassHealth and the Supplemental Nutrition Assistance Program (SNAP, commonly referred to as food stamps), demonstrate the need for these programs. As of June 30, 2017, approximately 58% of the 1,840,854 MassHealth members were children (634,418), disabled adults (267,240), or seniors (169,943).² Similarly, the Department of Transitional Assistance's SNAP FY17 Participation Report revealed one in nine Massachusetts residents received SNAP benefits.³ Of the 772,604 SNAP recipients, roughly 91% were children (279,117), disabled (273,475), or seniors (147,415). Furthermore, 72% of households receiving SNAP benefits had a gross countable income below the Federal Poverty Level, which is \$24,300 for a household of four.

In FY17, BSI identified a record \$16,879,702.88 in fraud, approximately a 9% increase from fiscal year 2016 (FY16). The increased findings of fraud do not necessarily indicate more fraud in these programs, but is reflective of greater effectiveness by the agency in identifying fraudulent behavior.

BSI's fraud investigation strategy is twofold: investigations involving individual recipient fraud, and those involving provider fraud. In FY17, BSI opened 8,819 new investigations and completed 8,344 investigations. This report includes a comprehensive breakdown of the fraud identified within each of the specific programs BSI investigates. Of the 1,150 completed cases with identified fraud, the average

² All MassHealth Members - Snapshot Report for June 2017 (<https://www.mass.gov/files/documents/2017/11/01/mh-snapshot-enrollment-summary-of-june-2017-caseload.pdf>).

³ Department of Transitional Assistance Supplemental Assistance (SNAP) FY17 Participation Report, January, 2017 (<http://www.mass.gov/eohhs/docs/dta/snap-legislative-report-fy17.pdf>)

amount of fraud was \$14,678, keeping pace with FY16, during which BSI completed 1,045 identified-fraud cases with an average of \$14,783 in identified fraud per case.

BSI receives referrals from myriad sources, including DTA, MassHealth, EEC, BSI's fraud hotline, various federal agencies, and internal referrals generated by BSI's DAU. BSI also collaborates with many federal agencies and is the only Commonwealth agency to participate on the US Attorney's Public Assistance Task Force. In the course of its work, BSI examiners interacted with numerous state and federal agencies, including the US Department of Agriculture, the US Department of Health and Human Services, the Massachusetts Office of the Inspector General, the US Attorney's Office, the Massachusetts Attorney General's Office, District Attorneys throughout the Commonwealth, and local law enforcement. BSI's partnerships with these agencies are crucial to its efforts to combat fraud, maintain the public's trust in public assistance programs, and protect benefits for residents of the Commonwealth who truly need them.

BSI YEAR IN REVIEW

BSI identified \$16,879,702.88 in fraud in fiscal year 2017 (FY17), approximately a 9% increase from fiscal year 2016 (FY16).

Figure 1. BSI Budget and Identified Fraud, FY14–FY17

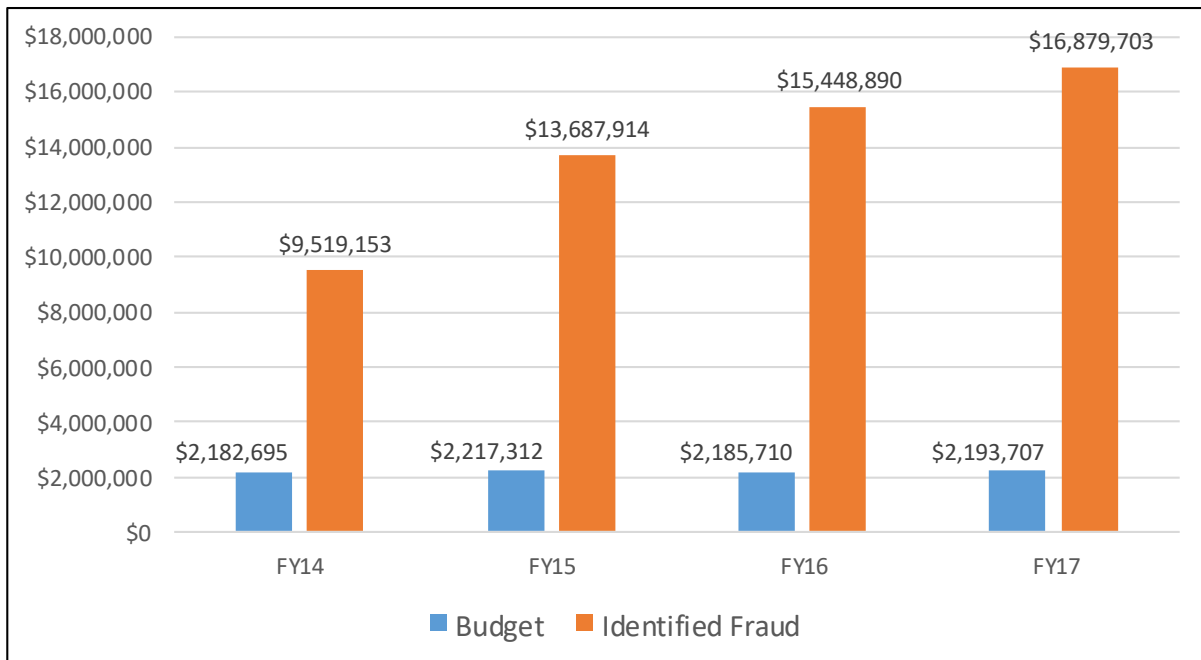
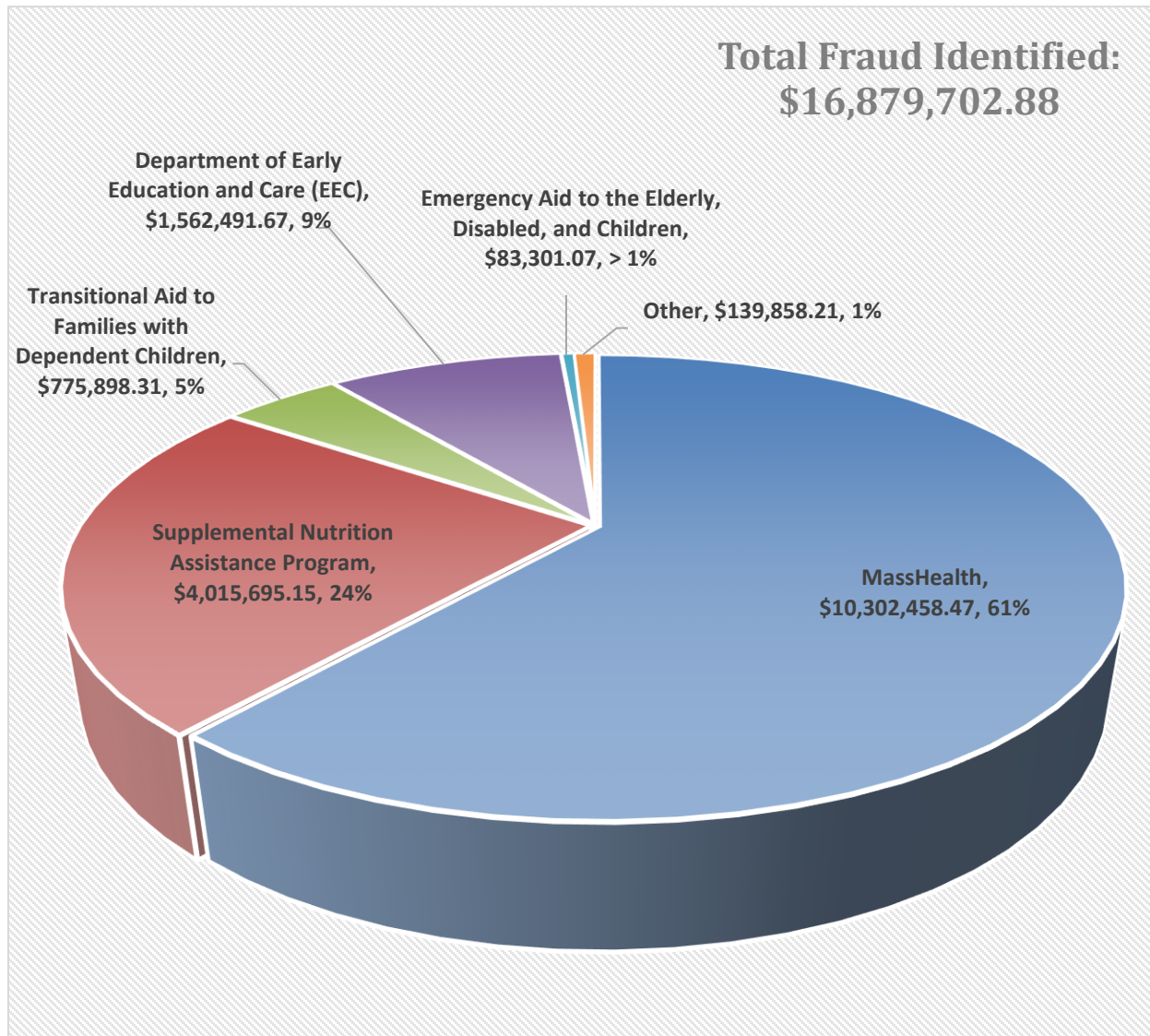


Figure 1. BSI’s budget (including the budget for the Data Analytics Unit [DAU]), along with the amount of fraud identified in public assistance programs for each fiscal year from FY14 to FY17.

Figure 2. FY17 Fraud Dollars Identified, by Program



Fraud Investigations

- 2,375: Number of BSI cases at the start of FY17
- 8,819: New investigations
- 8,344: Total completed investigations
- 1,150: Completed investigations with identified fraud
- 2,850: Number of BSI cases at the start of FY18

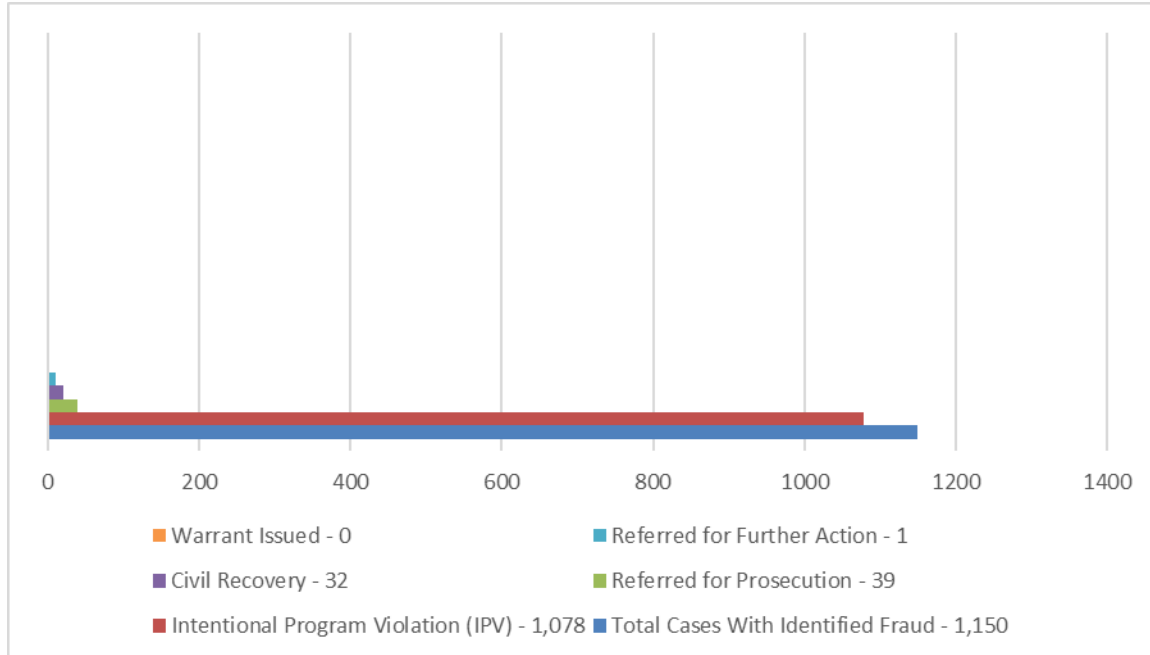
Investigations by Source

Figure 3. FY17 Caseload by Referral Source

Caseload	EEC	DAU	MassHealth	DTA	Hotline	Task Force	Other	Total
Beginning Balance	34	3	302	1,668	2	0	366	2,375
New Investigations	45	119	1,296	7,326	16	6	11	8,819
Total Completed Investigations	51	8	1,058	6,996	4	0	227	8,344
Completed with No Fraud	15	0	917	3,848	3	0	27	4,810
Completed with Identified Fraud	36	8	140	765	1	0	200	1,150
Completed as Potential IPV	0	0	1	2,383	0	0	0	2,384

Identified Fraud Cases by Disposition

Figure 4. Summary of Cases with Identified Fraud for FY17



BSI uses different disposition codes to categorize completed investigations: Closed, Intentional Program Violation (IPV), Referred for Further Action, Referred for Prosecution, Civil Recovery, Warrant Issued, and Returned to DTA as Potential IPV.

- Closed cases include all investigations that were completed and closed by BSI, with or without identified fraud. In some instances, cases are closed not because there was no fraud present, but because BSI cannot obtain the necessary documents to substantiate the fraud, or the individual was not receiving public assistance benefits during the period of allegation. Closed cases have been adjudicated completely, and BSI will not pursue any further action.
- Completed cases are cases where BSI investigations are completed but BSI fraud examiners have yet to make a determination regarding the final resolution of the case.
- An IPV is a case that is returned to the Department of Transitional Assistance (DTA), MassHealth, or the Department of Early Education and Care (EEC) to be handled administratively.
- Cases referred for further action are completed cases with identified fraud that require management discussions to determine appropriate resolutions. These cases will be referred for

prosecution or civil recovery or returned to the appropriate agency for its administrative process, at which time the BSI status changes to completed and closed.

- Cases referred for prosecution are cases in which BSI fraud examiners file criminal complaints against the subjects or the case has been referred to the Attorney General's Office, a District Attorney's Office, or the US Attorney's Office.
- Civil recovery cases are resolved through an agreement in which the subject agrees to pay back part or all of the fraudulently obtained benefits to the Commonwealth.
- A warrant is issued when BSI takes out a criminal complaint against a subject and the subject fails to show up for a hearing.
- Cases returned to DTA as potential IPVs are cases completed by the Central Processing Unit and determined to have potential overpayments but do not merit the deployment of BSI resources.

FISCAL YEAR 2017 SUMMARY BY UNIT

Central Processing Unit

The Central Processing Unit (CPU) received 8,819 new referrals for investigation in fiscal year 2017 (FY17) from the following sources:

Source	Number of Referrals	Percentage of Total
Department of Transitional Assistance	7,326	83.1%
MassHealth	1,296	14.7%
Data Analytics Unit	119	1.3%
Department of Early Education and Care	45	0.5%
Hotline	16	0.2%
Task Force	6	0.1%

The primary types of fraud by public assistance benefit program from 8,819 new referrals as follows:

Type	Number of Cases	Percentage of Total
Supplemental Nutrition Assistance Program	5,217	59.1%
Transitional Aid to Families with Dependent Children	1,471	16.6%
MassHealth	1,405	16.0%
Emergency Aid to the Elderly, Disabled, and Children	677	7.7%
Other	40	0.5%
Classification To Be Determined	9	0.1%

CPU processed, analyzed, and reviewed 6,453 cases. CPU team members identified 2,384 cases as potential Intentional Program Violation (IPV) cases, where BSI determined that a fraud claim had merit but returned the case to Department of Transitional Assistance (DTA) for further action based on our evidence. Additionally, CPU closed 4,069 cases administratively with no fraud determined after completing a preliminary investigation.

Department of Transitional Assistance Unit

The DTA Unit received a total of 7,326 new cases in FY17, completed 6,996 cases, and identified fraud totaling \$4,994,382.06 in 765 cases.

The DTA Unit filed criminal charges on six cases in FY17 in various district courts throughout the Commonwealth.

Figure 5. FY17 DTA Caseload

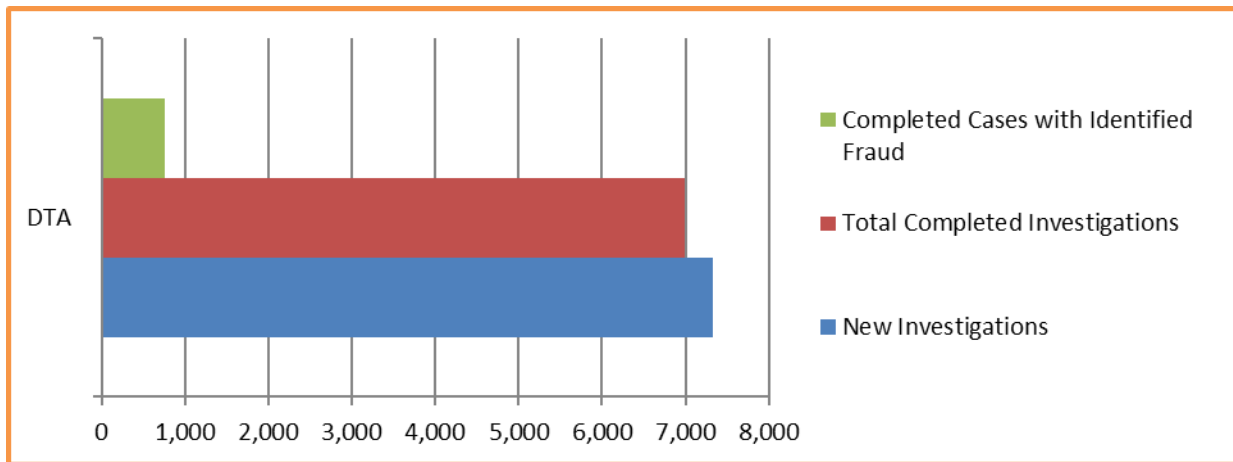
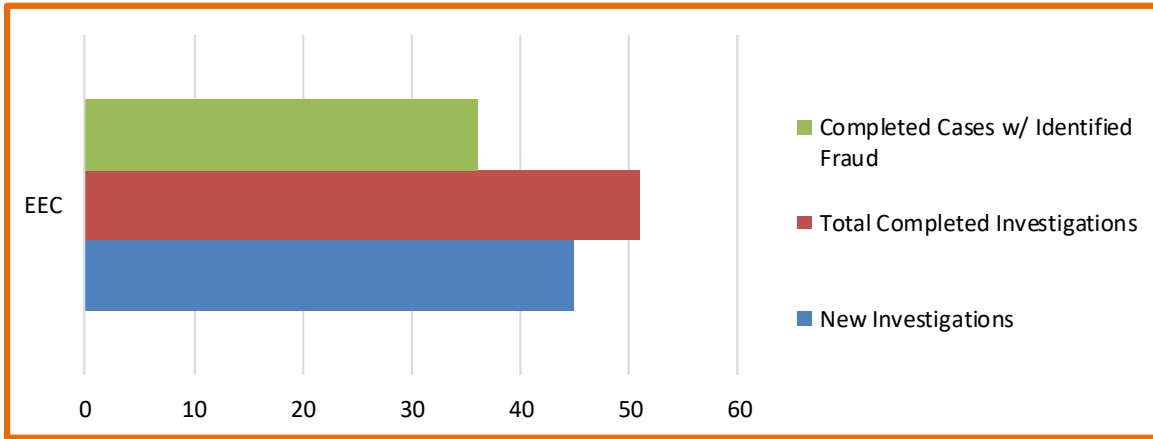


Figure 6. BSI's DTA caseload for FY17 included SNAP, TAFDC, and EAEDC cases.

In addition, the DTA Unit received 45 referrals from the Department of Early Education and Care (EEC). BSI's working relationship with EEC continues to be a fruitful one. In FY17, BSI identified \$1,880,647.16 in fraud for EEC, more than triple the amount from fiscal year 2016. EEC's designated Financial Assistance Worker liaison with BSI continues to efficiently track and assist with BSI's EEC caseload and provide much-needed documents and information in an expedited manner for speedier investigations.

Because subjects suspected of defrauding EEC often receive other forms of public assistance, BSI routinely checks into EEC subjects' other public assistance benefits and their reporting to other agencies. These investigations have led to the discovery of additional fraud in DTA and MassHealth benefit programs.

Figure 6. FY17 EEC Caseload



MassHealth Unit

During FY17, the MassHealth Unit received a total of 1,296 new cases, completed 1,058 cases, and identified fraud totaling \$1,433,706.33 in 140 cases. In addition, the MassHealth Unit contributed to the DTA Unit, including EEC, and identified fraud totaling \$849,322.40 in 87 cases.

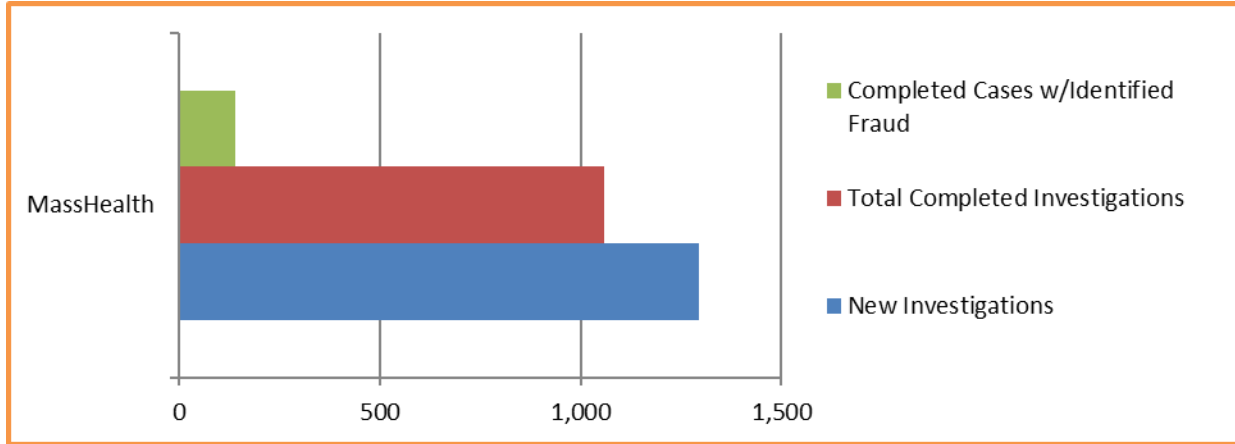
The unit filed two criminal complaints in connection with two recipients of MassHealth benefits who resided outside of the Commonwealth. One case was filed in Pittsfield District Court for \$36,164. The other case was filed in Waltham District Court for \$11,998.90. In another active case in Springfield District Court, the defendant was issued a warrant on February 19, 2016, and a pretrial hearing is scheduled for February 6, 2018.

In addition, two MassHealth Unit court cases were resolved in FY17. On February 27, 2017, a defendant pleaded guilty in Bristol Superior Court to larceny over \$250 and medical assistance fraud and received a two-year jail sentence and five years of probation. Similarly, on April 10, 2017, a defendant pleaded guilty in Brockton District Court to larceny over \$250 and medical assistance fraud, resulting in five years' probation, community service, and restitution.

Our continued collaboration with the BSI Data Analytics Unit (DAU) resulted in the successful investigation of personal care attendants who fraudulently received payment from MassHealth while their patients were in long-term care facilities.

The MassHealth Unit's relationships with stakeholders within MassHealth—including the Program Integrity Unit, the Executive Office of Elder Affairs, fiscal intermediaries, UMass Medical Center, and the Attorney General's Office—have led to more frequent meetings, increased communication, and greater efficiency. The unit meets monthly with MassHealth's Program Integrity and Elder Affairs offices to discuss referrals and how we can assist each other with our respective workflows.

Figure 7. FY17 MassHealth Caseload



Data Analytics Unit

The growth of BSI's DAU and its increasing technical capabilities and collaboration with partners led to 119 referrals: 112 to CPU, and 7 MassHealth provider-related referrals. The vast majority of the CPU referrals allege that personal care attendants (PCAs) falsely submitted timesheets while MassHealth members were in long-term care facilities, and PCAs were not reporting income earned as PCAs to DTA while receiving public assistance benefits.

In addition, using data mining techniques, DAU was able to identify MassHealth providers and home health agencies with a high potential for fraud. Ultimately, DAU referred five cases to outside agencies. Four cases involving MassHealth providers were forwarded to the Office of the State Auditor's (OSA's) Medicaid Audit Unit. The other referral involved a complaint submitted through OSA's website alleging overbilling, false claims, and intimidation of patients by a MassHealth dental provider. DAU investigated the provider and referred evidence of private insurance fraud to the Insurance Fraud Bureau of Massachusetts.

DAU continues to support multiple state and federal partners through data assists and joint investigative work, in addition to accepting referrals for investigation, and creating and sending referrals to the appropriate entities. For example, DAU is collaborating with federal partners, including the US Department of Agriculture, the US Department of Health and Human Services, and the Office of the Inspector General, on an ongoing investigation of several MassHealth Adult Day Health Program providers with improper billing practices.

NOTABLE BSI ACTIVITY

Lawrence Woman Receives Probation for Illegally Receiving Child Care Vouchers

Lawrence resident Yovanny Adames fraudulently collected \$225,105.52 in Department of Early Education and Care (EEC) benefits between October 13, 2005 and October 24, 2014. She also collected \$9,590 in Supplemental Nutritional Assistance Program benefits (formerly known as food stamps) from August 1, 2011 to February 28, 2014 by providing false and misleading information concerning her total household income and family size. Adames received thousands of dollars in public assistance benefits by intentionally withholding the fact that the non-custodial parent resided in the household and earned an income.

On June 7, 2017, Adames tendered a plea in Boston Municipal Court with the disposition of a CWOFF (continued without a finding) for two years and was ordered to pay \$10,000 in restitution to the Commonwealth.

East Boston Woman Pleads Guilty in Federal Court

On March 10, 2017 in US District Court for the District of Massachusetts, Patricia Grifoni, 53, of East Boston, was sentenced to one year of probation and ordered to pay full restitution for fraudulently obtaining over \$50,000 in Social Security benefits. BSI examiners determined that Grifoni misrepresented her household size and income from 2005 to 2011, illegally collecting Social Security and MassHealth benefits. US District Court Senior Judge Mark L. Wolf ordered Grifoni to pay over \$50,000 in restitution to the Social Security Administration and over \$40,000 in restitution to MassHealth.

Springfield Man, Charged with Theft of Identity and Social Security Benefits, Deemed Mentally Incompetent to Stand Trial

As a result of a BSI investigation with the US Attorney's Public Assistance Task Force, a 48-year-old Springfield resident was charged and arrested on January 20, 2017 for using another person's identity to obtain over \$100,000 in Social Security benefits. The defendant was charged with falsely representing a Social Security number and theft of public money. According to the criminal complaint, the defendant was born in the Dominican Republic, entered the United States as a stowaway in 1990, and was apprehended by authorities. He was allowed to leave the United States voluntarily in 1993. By 2007, the defendant had returned to the United States and settled in Springfield, where he allegedly illegally

obtained a Social Security card and state ID card using the name and Social Security number of another person. In 2008, the defendant allegedly applied for Social Security disability benefits using the other person's identity and collected more than \$100,000 in benefits.

Warrant Issued for Man Collecting MassHealth Benefits under False Identity

Acting on a referral from a Suffolk County Court Assistant District Attorney, who was investigating a case of an individual obtaining a false license and committing forgery, a BSI investigation found that the same individual was collecting MassHealth benefits under a false identity from 2010 to 2016. The man whose identity the subject was using became aware of the scheme when the US Department of Veterans Affairs denied him benefits for being incarcerated in Massachusetts when he was not in fact incarcerated. BSI examiners filed a complaint on the subject in Boston Municipal Court, charging him with larceny over \$250 and false statements to procure medical assistance. A warrant for the defendant was issued on April 25, 2017.

Medford Woman Charged with Illegally Receiving Child Care Vouchers

On April 21, 2017, a BSI fraud examiner filed criminal charges against a Medford woman of larceny over \$250 for illegally receiving \$64,425.78 in child care services. The defendant was employed by the agency Associated Day Care Services, which is subcontracted by EEC to dispense child care vouchers. She is alleged to have used her knowledge of the child care benefit program to receive these benefits from September 1, 2009 to September 1, 2016 by reporting to EEC that she was a single mother, although she was married and her husband was employed. She did not report her marital status, his co-habitation, or his income to EEC during the period of alleged fraud.

Out-of-State Defendant Pleads Guilty to Larceny and Public Assistance Fraud

A Rhode Island man, Paul Hession, fraudulently received \$45,645 in MassHealth benefits from 2012 to 2015 and \$8,324 in Department of Transitional Assistance (DTA) benefits from 2013 to 2015 by falsely claiming to be a resident of the Commonwealth and failing to report earned income to MassHealth and DTA. BSI filed a complaint on Hession in Attleboro District Court on March 11, 2016. Hession was subsequently indicted in Bristol County Superior Court on June 27, 2016. On February 27, 2017, Hession pleaded guilty to larceny over \$250, misrepresentation, and public assistance fraud. Judge Raffi Yessayan sentenced him to two years' imprisonment in the House of Corrections, five years' probation after his release, and restitution of over \$8,000 to DTA and \$500 to MassHealth.

BSI filed criminal complaints on two other subjects for allegedly receiving MassHealth benefits while residing outside of Massachusetts. One case was filed in Pittsfield District Court for \$36,164. The other case was filed in Waltham District Court for \$11,998.90 and resulted in a warrant being issued on April 5, 2017.

Fall River Woman Sentenced for Identity Theft and Theft of Social Security Benefits

On December 21, 2016, US District Court Judge Denise J. Casper sentenced Fall River resident Sandra McDonald to 27 months in prison, three years of supervised release, and restitution in the amount of \$297,709 to be split among the Social Security Administration, the Massachusetts State Supplemental Program, MassHealth, and DTA. BSI's investigation uncovered that McDonald used her sister's identity to receive approximately \$140,000 in Supplemental Security Income benefits, \$30,000 in MassHealth benefits, and \$125,000 in other state benefits for over a decade.

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 State Auditor's Office has an online form to report public assistance fraud. Citizens can also use BSI's fraud reporting hotline: (617) 727-6771. All complaints are kept confidential.