



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

*Making government work better*

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## Bureau of Special Investigations Annual Report

Fiscal Year 2019  
July 1, 2018–June 30, 2019

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## ABOUT THE BUREAU OF SPECIAL INVESTIGATIONS

As 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's public benefits programs, are used effectively so that those benefits 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 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 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 examiners operate from five offices across the Commonwealth. BSI consists of three separate investigative units: the Central Processing Unit (CPU), the MassHealth Unit/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, as investigations often involve more than one benefit program activity. 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 2019.

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

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## EXECUTIVE SUMMARY

The fiscal year 2019 (FY19) 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 FY19, BSI continued to investigate and identify fraud in order to maintain program integrity and uphold the Commonwealth's residents' faith in public assistance programs. BSI's efforts ensure that public assistance programs operate with transparency so that benefits are available to residents who truly need them.

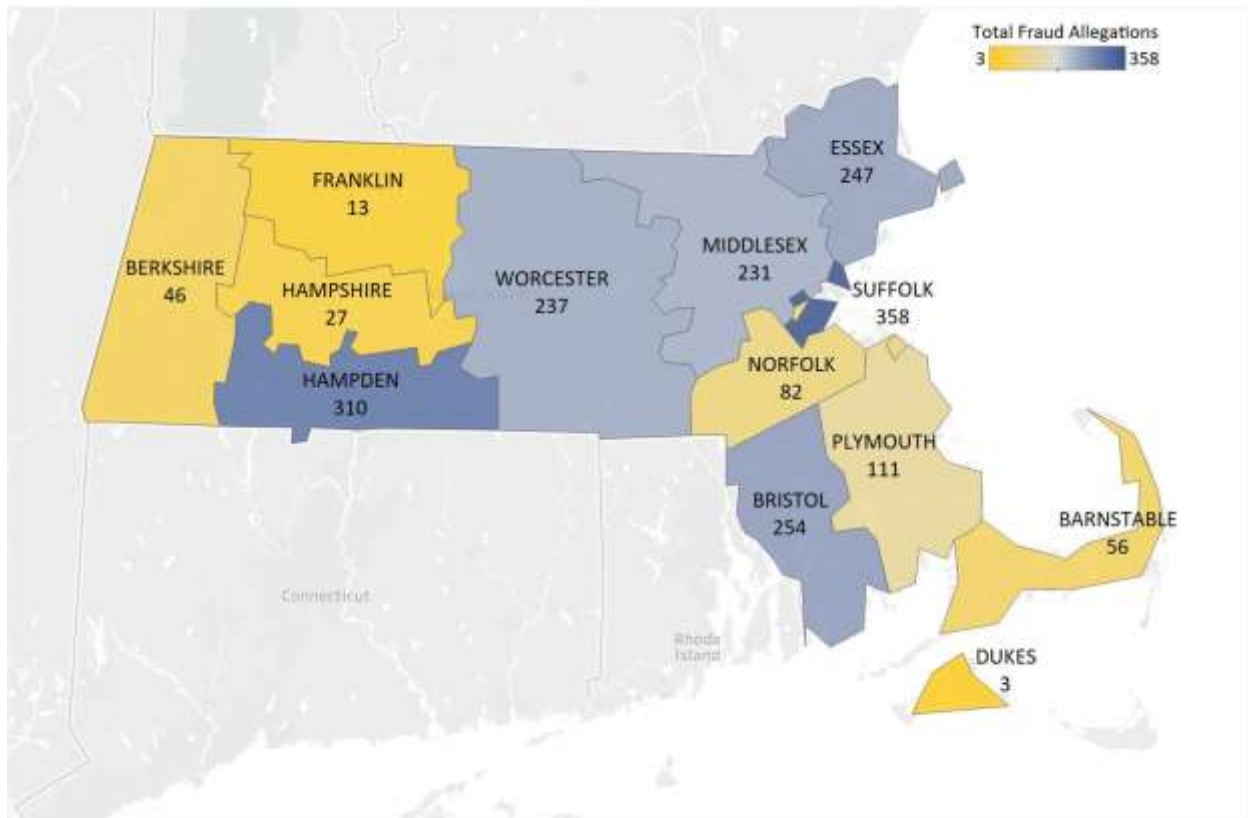
In FY19, BSI opened 5,369 new investigations and completed 5,787 total investigations. This report includes a comprehensive breakdown of the fraud identified within each program BSI investigates. Of the 1,077 completed cases with identified fraud, the average amount of fraud was \$11,106.15.

**In FY19, BSI identified  
\$11,961,323.31  
in fraud.**

Public assistance programs administered by the Department of Transitional Assistance (DTA), the Department of Early Education and Care (EEC), and MassHealth provide vital social services for the Commonwealth's most vulnerable and disadvantaged residents—children, persons with disabilities, low-income individuals and families, and seniors. Statistical data on BSI cases from FY19 demonstrates that the cases BSI investigated most frequently involved allegations of undisclosed employment, a personal care attendant (PCA), or an unreported non-custodial parent in the home. By contrast, BSI investigated cases with allegations of undisclosed unemployment compensation or assets over the permissible limits the least. Looking at the cases BSI investigated during FY19 from a different perspective, the geographical statistical data shows that Suffolk, Hampden, and Bristol Counties generated the most allegations overall. Dukes, Franklin, and Hampshire Counties generated the least number of allegations.

Previewing the new capabilities of the DAU's analytical support services, the following maps illustrate FY19's total fraud allegations by county.

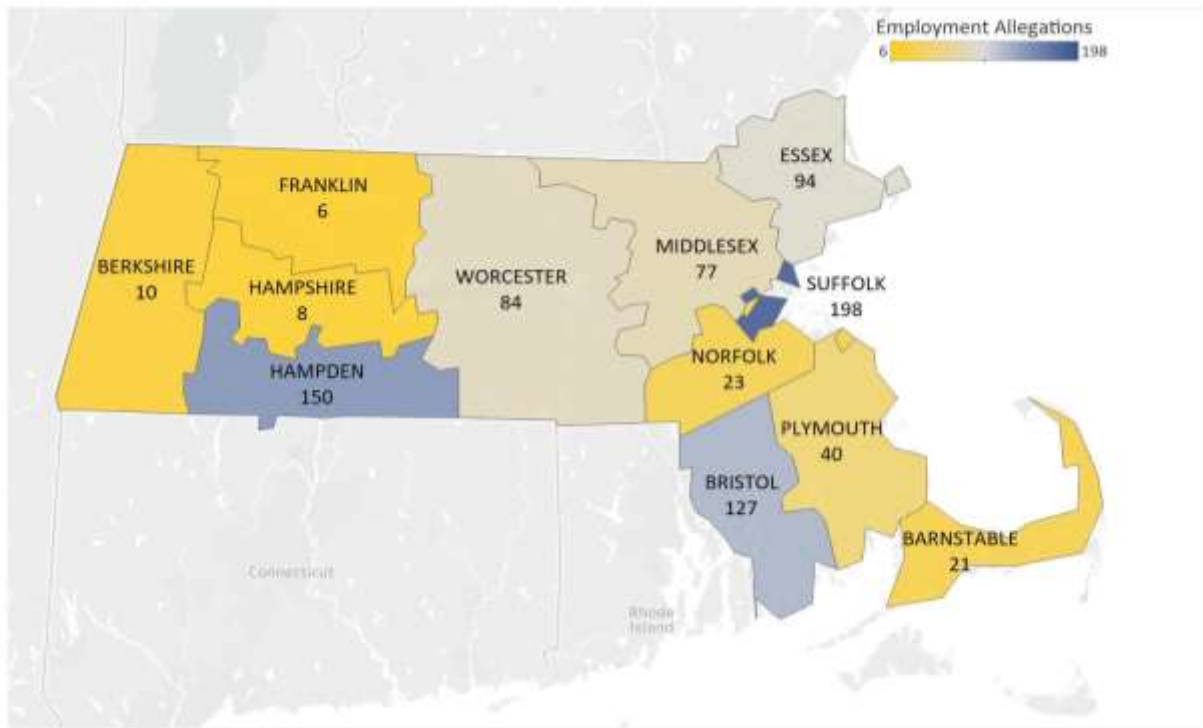
**Figure 1. FY19 Total Fraud Allegations by County**



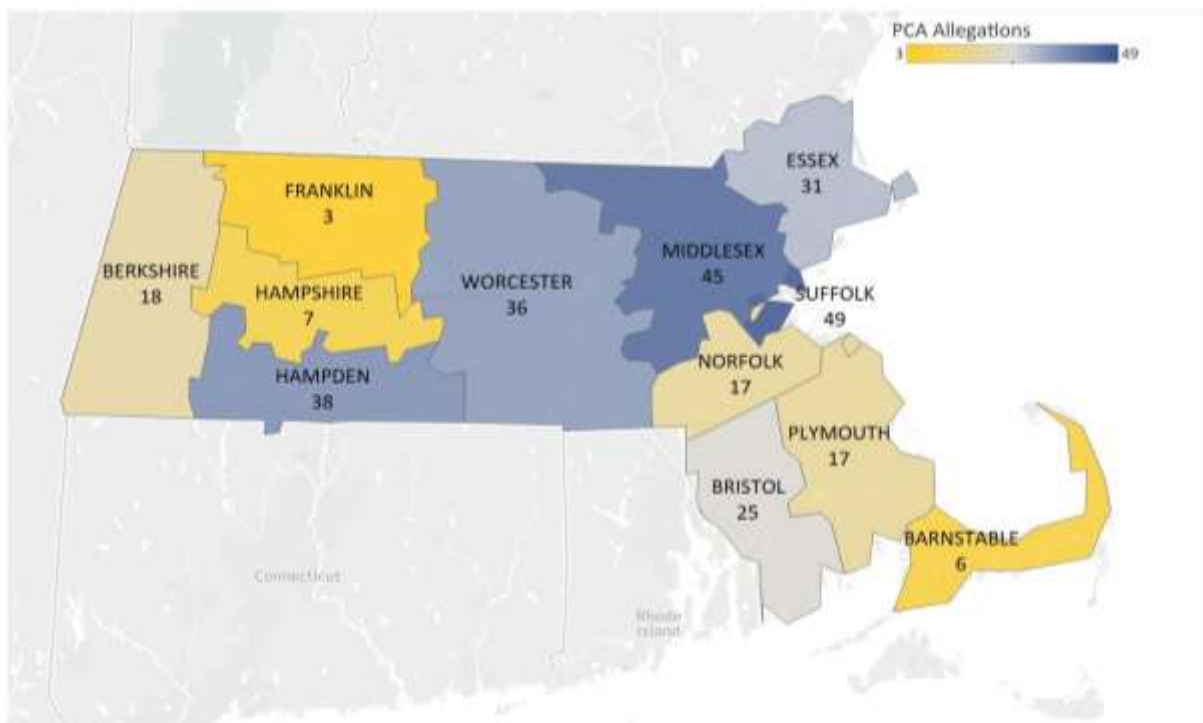
Note: The total number of allegations is higher than the total completed case count because there are often multiple allegations per BSI case number. The grand total as reflected does not filter out duplicate BSI case numbers; the count only includes the unique number of allegations.

## Fiscal Year 2019 Itemized Fraud Allegations By County

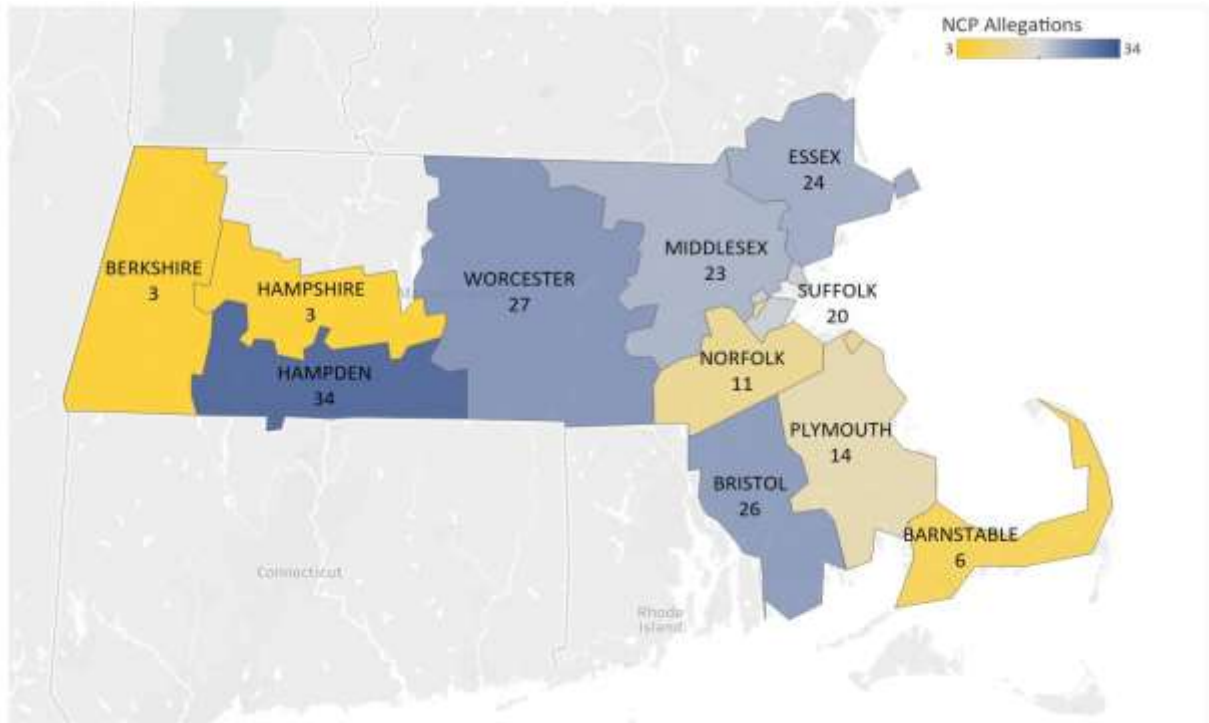
**Figure 2. Employment Fraud Allegations**



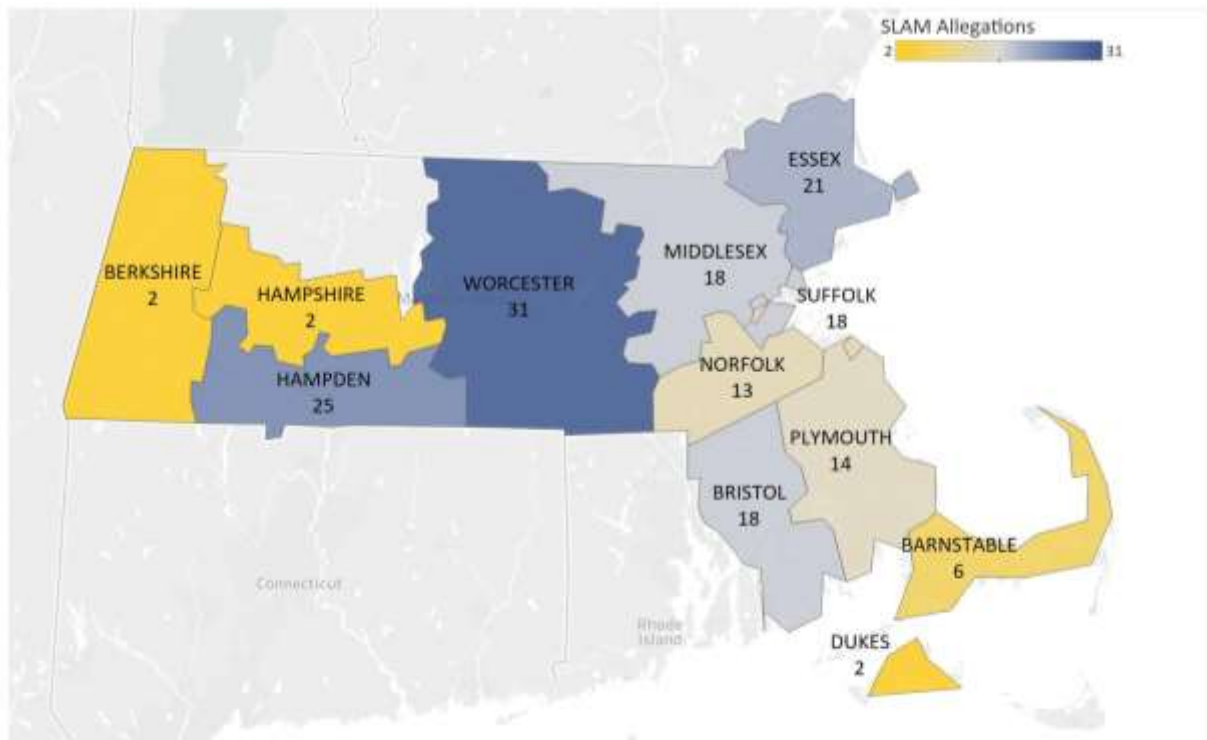
**Figure 3. Personal Care Attendant Fraud Allegations**



**Figure 4. Non-Custodial Parent Fraud Allegations**

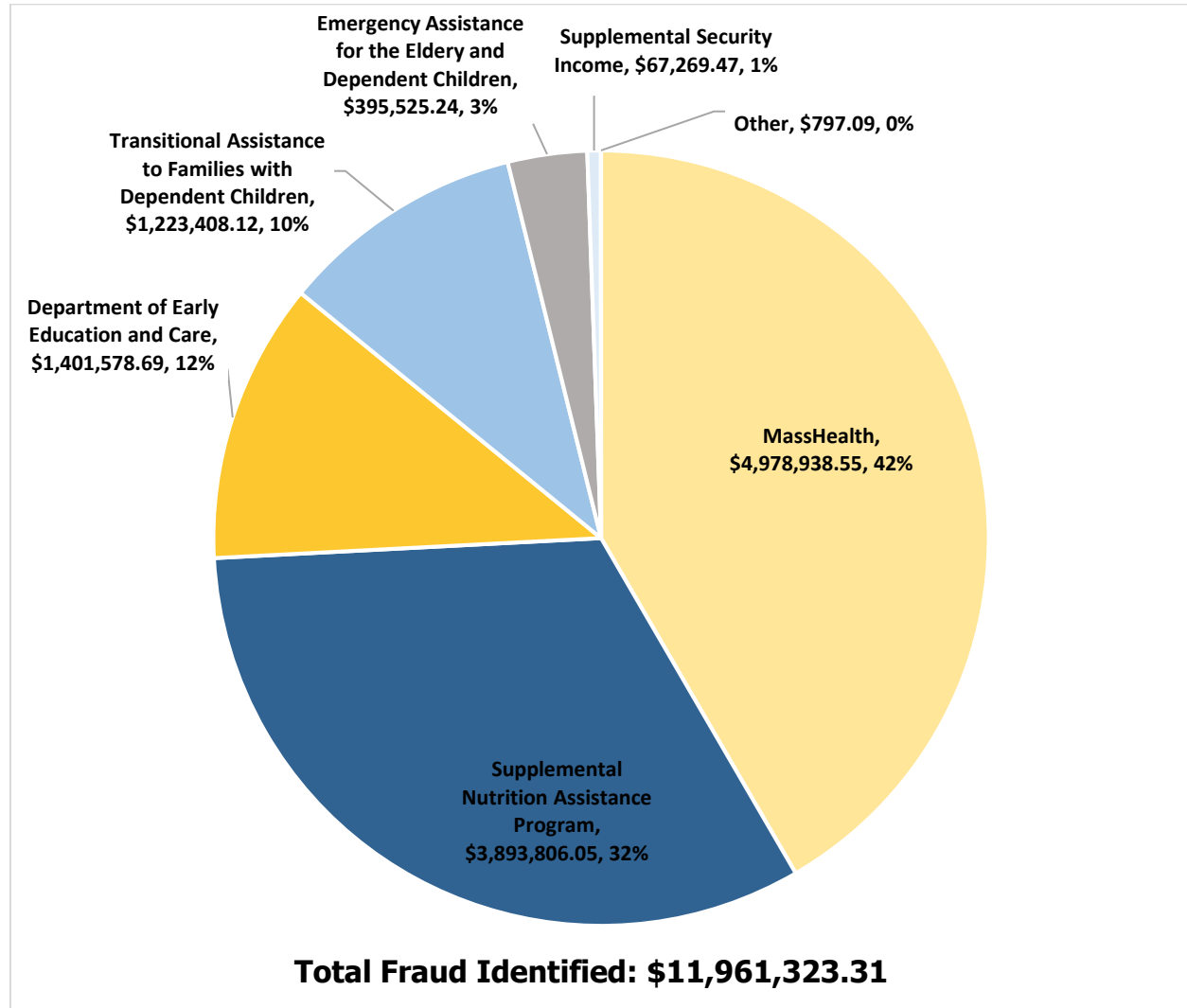


**Figure 5. Subject Living Above Means Fraud Allegations**



## BSI YEAR IN REVIEW

**Figure 6. FY19 Fraud Dollars Identified by Public Benefit Program**

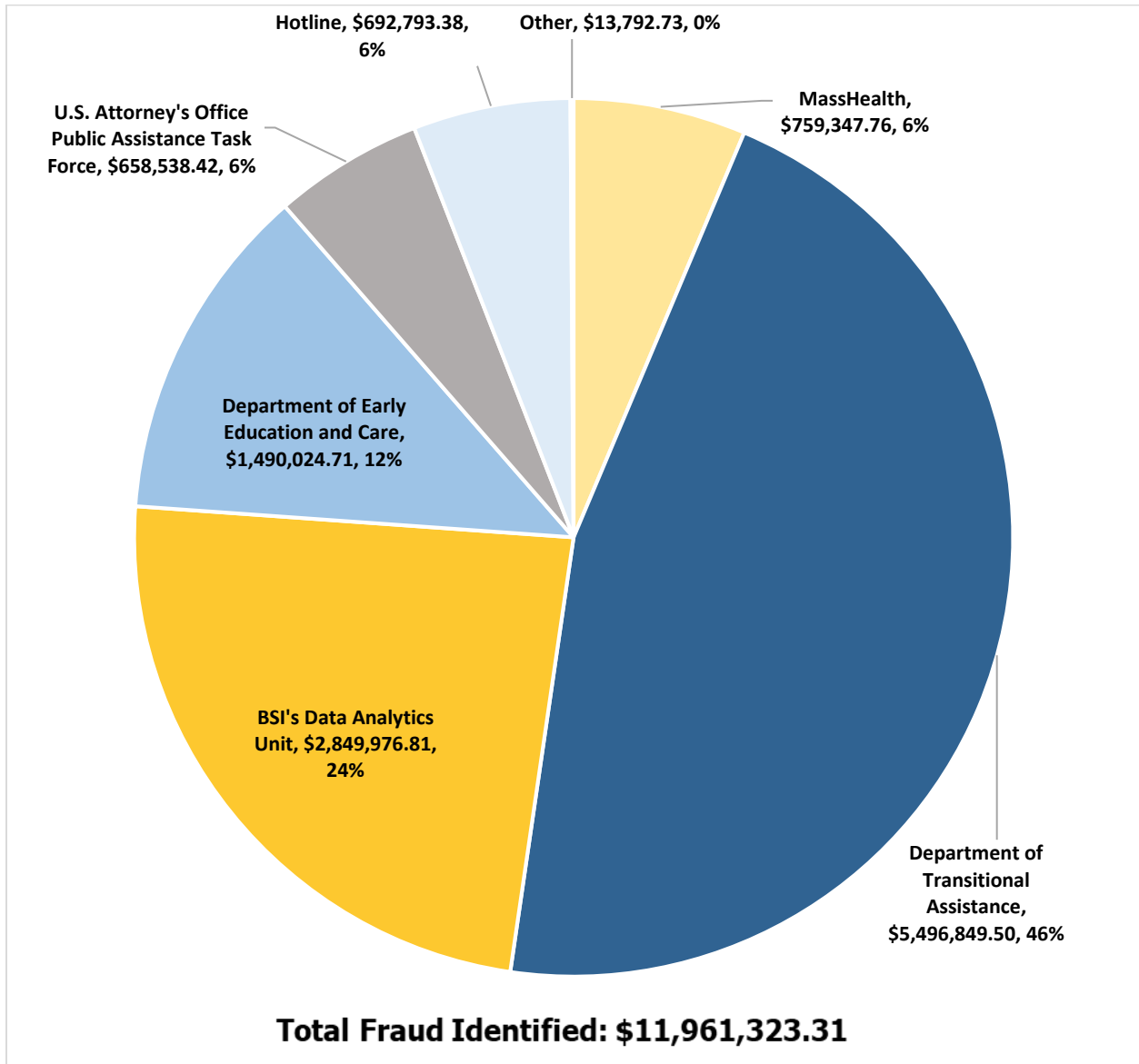


### BSI By the Numbers

- 2,370: BSI cases at the start of FY19
- 5,369: New investigations
- 5,787: Total completed investigations
- 1,077: Completed investigations with identified fraud
- 1,952: BSI cases at the start of FY20



**Figure 7. FY19 Fraud Dollars Identified by Referral Source**

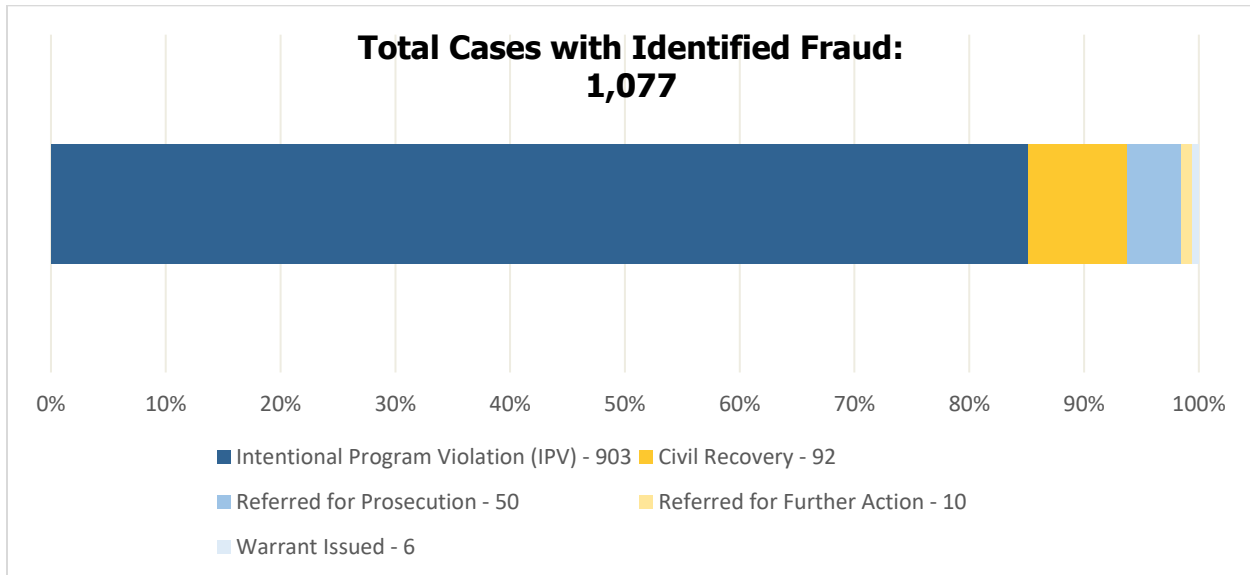


**Table 1. FY19 Caseload by Referral Source**

Caseload	EEC	Data Analytics Unit	MassHealth	Department of Transitional Assistance	Hotline	Task Force	Other	Total
Beginning Balance	37	225	224	1,702	148	28	6	2,370
New Investigations	14	78	1,218	3,444	571	38	6	5,369
Total Completed Investigations	39	253	1,176	3,828	462	26	3	5,787
Completed with No Fraud	9	22	1,063	2,321	389	2	1	3,807
Completed with Identified Fraud	30	231	113	628	49	24	2	1,077
Completed as Potential Intentional Program Violation	0	0	0	879	24	0	0	903

## Identified Fraud Cases by Disposition

**Figure 8. Summary of Cases with Identified Fraud for FY19**



When BSI investigations are completed, BSI fraud examiners have to make determinations regarding the final resolutions of the cases. BSI uses different disposition codes to categorize completed investigations: closed, intentional program violation (IPV), returned to Department of Transitional Assistance (DTA) as potential IPV, referred for further action, referred for prosecution, civil recovery, and warrant issued.

- 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 documentation to substantiate the fraud, or because 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.
- IPVs are cases that are returned to the DTA, MassHealth, or the Department of Early Education and Care (EEC) to be handled administratively by those agencies.
- Cases returned to DTA as potential IPVs are cases that are completed by the Central Processing Unit and determined to have potential overpayments but do not merit the deployment of BSI resources.
- Cases referred for further action are completed cases with identified fraud that require management discussions to determine appropriate resolutions. BSI will either pursue civil recovery, refer the case for prosecution, or return it to the appropriate agency for its administrative process, at which time the BSI status changes to Completed and Closed.

- 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. Repayment terms must follow the originating agency's rules and regulations.
- Cases referred for prosecution are cases in which BSI files criminal complaints against the subjects or refers the cases to a District Attorney's Office, the Attorney General's Office, or the US Attorney's Office.
- Warrants are issued when BSI takes out criminal complaints against subjects and the subjects fail to show up for a court hearing.

## FISCAL YEAR 2019 SUMMARY BY UNIT

### Central Processing Unit

The Central Processing Unit (CPU) received 5,369 new referrals for investigation in fiscal year 2019 (FY19) from the following sources.

**Table 2. FY19 CPU Referral Sources**

Source	Number of Referrals	Percentage of Total
Department of Transitional Assistance	3,444	64.1%
MassHealth	1,218	22.7%
Hotline	571	10.6%
Data Analytics Unit	78	1.5%
Task Force	38	0.7%
Department of Early Education and Care	14	0.3%
Other	6	0.1%

The following is a breakdown of the public assistance programs involved in the 5,369 new referrals.

**Table 3. FY19 CPU Caseload by Public Assistance Program**

Type	Number of Cases	Percentage of Total*
Supplemental Nutrition Assistance Program	2,240	44.2%
MassHealth	1,562	24.8%
Transitional Aid to Families with Dependent Children	1,051	17.1%
Emergency Aid to the Elderly, Disabled and Children	469	13.2%
Other	29	0.5%
Classification to Be Determined	18	0.1%

\*Percentages do not total 100 due to rounding.

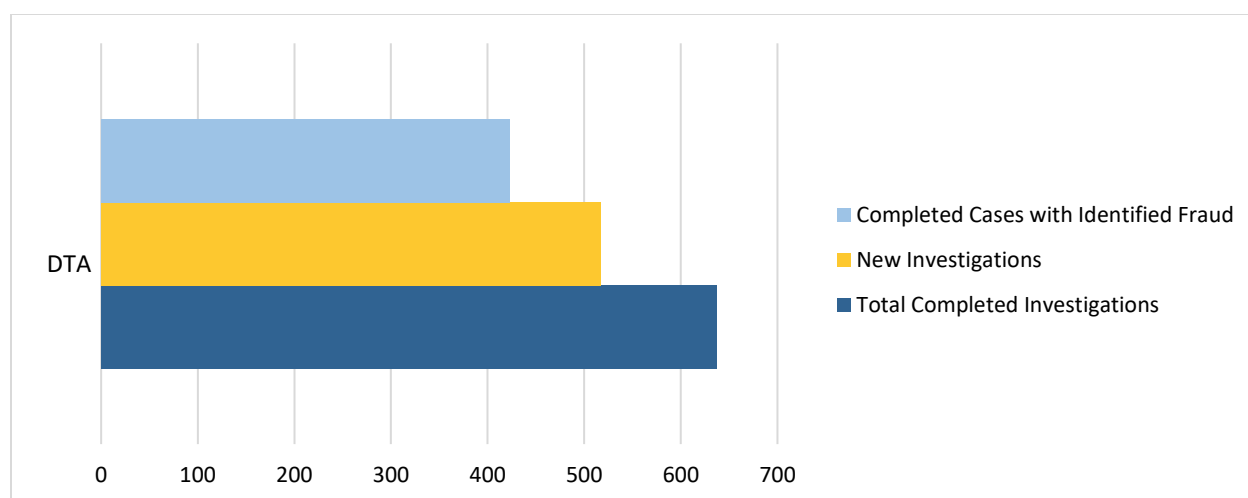
In FY19, CPU processed, analyzed, and reviewed 5,181 referrals. CPU team members identified 791 referrals as potential intentional program violation (IPV) cases, where BSI determined that a fraud claim had merit but returned the case to the Department of Transitional Assistance (DTA) for further action based on the evidence. Typical agency actions include civil recovery, disqualification, and recalculation of benefits. Additionally, CPU closed 3,188 referrals administratively with no fraud determined after completing a preliminary investigation. CPU designated 1,202 referrals for case assignment. CPU team members continued to carry a small caseload in FY19. The unit completed 279 DTA cases, identifying fraud in 248 cases.

## Department of Transitional Assistance Unit

The DTA Unit was assigned 517 new cases in FY19, completed 637 cases, and identified fraud totaling \$5,950,080.24 in 423 cases. The DTA Unit's breakdown of identified fraud by public benefit program was as follows: \$3,893,806.05 for Supplemental Nutrition Assistance Program (SNAP) investigations (33%); \$1,223,408.12 for Transitional Aid to Families with Dependent Children (TAFDC) investigations (10%); and \$395,525.24 for Emergency Aid to the Elderly, Disabled and Children (EAEDC) investigations (3%).

In FY19, the DTA Unit filed criminal charges in 18 cases in various courts throughout the Commonwealth. One case resulted in an indictment in US District Court, while 17 cases were charged in district courts.

**Figure 9. FY19 DTA Caseload**

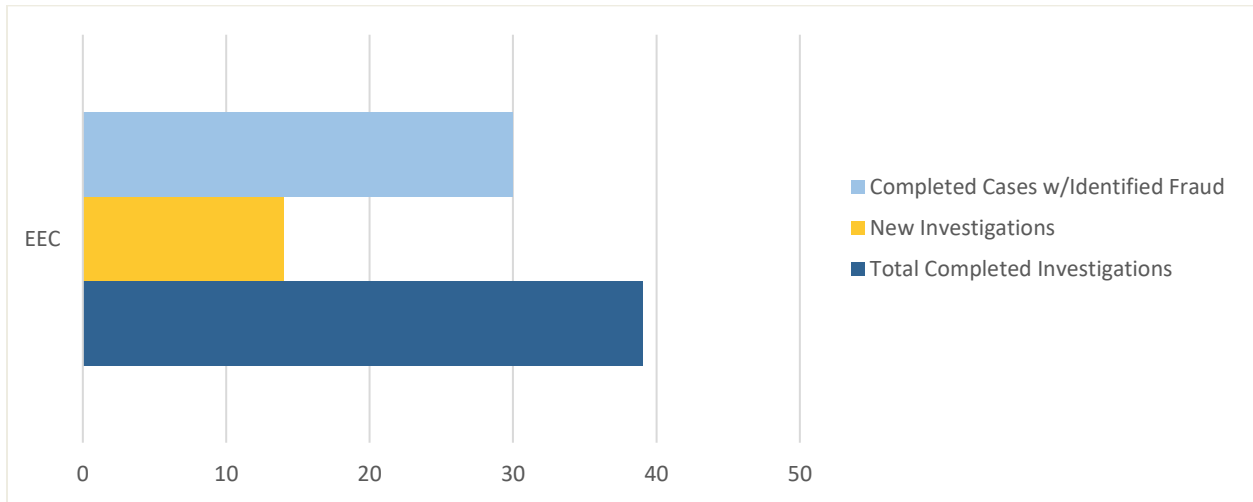


Note: BSI's DTA caseload for FY19 included SNAP, TAFDC, and EAEDC cases.

In addition, the DTA Unit received 14 referrals from the Department of Early Education and Care (EEC) and identified \$1,401,578.69 in fraud from these referrals. As part of BSI's continued working relationship with EEC, EEC's designated financial assistance worker liaison with BSI is able to efficiently track and assist with BSI's EEC caseload and provide much-needed documentation and information in an expedited manner for speedier investigations.

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

**Figure 10. FY19 EEC Caseload**



DTA also conducted 54 civil recoveries in FY19. In those cases, subjects had the opportunity to enter into repayment agreements with DTA and/or EEC. In FY19, BSI initiated repayment agreements and disqualification consent agreements (DCAs) totaling \$1,459,347.84. DCAs are agreements subjects sign to disqualify themselves from receiving further DTA and/or EEC benefits because of their IPVs. When pursuing civil recovery for DTA and EEC cases, BSI requires DCAs rather than administrative hearings.



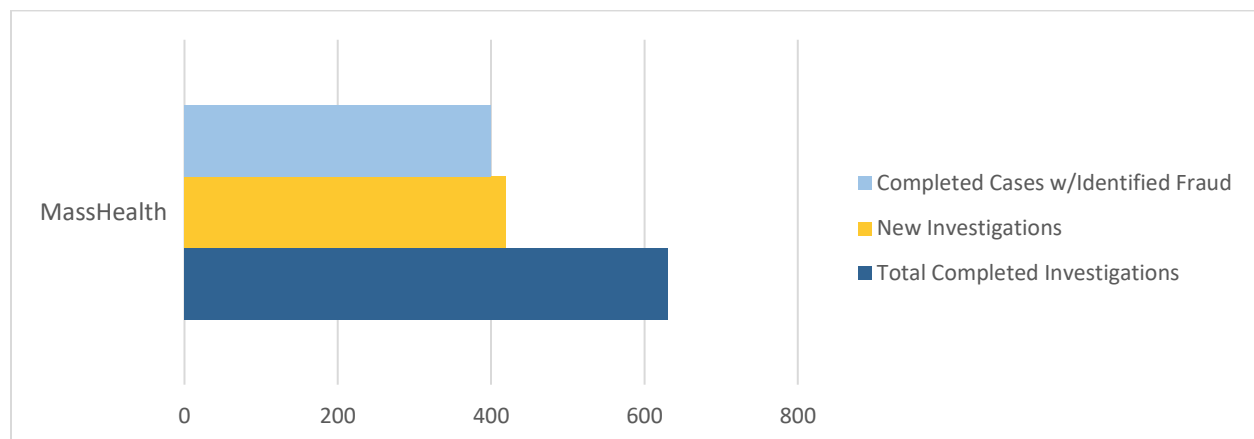
## MassHealth Unit

During FY19, the MassHealth Unit was assigned 419 new cases, completed 631 cases, and identified fraud totaling \$2,796,003.28 in 400 cases. In addition, the MassHealth Unit assisted the DTA Unit by completing 37 DTA/EEC cases with identified fraud totaling \$754,031.16.

During FY19, the MassHealth Unit had four of its court cases resolved—three in district court and another in superior court. Two of the district court cases were in Quincy. In the first, a MassHealth recipient who resided out of state had her case continued without a finding for one (1) year and received an order to perform 100 hours of community service. In the second case, a MassHealth recipient received a guilty verdict on the charge of larceny under \$250 and a sentence of 18 months' probation for submitting falsified timesheets for personal care attendant (PCA) services after his PCA stopped working for him in 2015. The third district court case, in Pittsfield, resulted in another continuance without a finding. Unlike the prior two cases, however, the defendant in Pittsfield is required to repay full restitution—\$14,946.47—within 18 months.

In FY19, the MassHealth Unit resumed its participation in the PCA Task Force in collaboration with the Attorney General's Office and Federal Inspector General's Office of Investigations. Two BSI supervising fraud examiners and a senior fraud examiner are currently representing BSI on the task force. During FY19, 426 cases included PCA-related fraud allegations and 297 of those cases had identified fraud, totaling \$866,172.81.

**Figure 11. FY19 MassHealth Caseload**



In FY19, the MassHealth Unit conducted 31 civil recoveries, in which subjects entered into repayment agreements with MassHealth, totaling \$468,144.67.

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## **Data Analytics Unit**

The growth of BSI's DAU, its increasing technical capabilities, and its continued collaboration with partners led to 71 referrals to CPU. The majority of the CPU referrals alleged that PCAs falsely submitted timesheets for services to MassHealth members in long-term care facilities and PCAs were not reporting income earned as PCAs to DTA as required while receiving public assistance benefits.

BSI examiners completed 215 DAU-generated referrals that carried into FY19. These referrals also related to the improper submission of timesheets by PCAs, and 208 referrals were completed with identified fraud. DAU also continued to field referrals from BSI's Public Assistance Fraud Hotline. DAU received and analyzed 10 referrals made through the hotline alleging provider fraud, five (5) of which remain ongoing.

In addition, using advanced data analysis, DAU was able to identify MassHealth providers with a high potential for fraud. DAU identified and referred eight (8) MassHealth providers, which consisted of 16 total healthcare entities. The analysis of these referrals focused on improper billing associated with a variety of healthcare providers and services, including, but not limited to, home health care, adult foster care, dermatological services, evaluation and management services, and the use of certain claim modifiers. DAU referred these findings to the Office of the State Auditor's Medicaid Audit Unit.

DAU continues to support multiple state and federal partners through 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 federal Office of the Inspector General's Office of Investigations and the Executive Office of Health and Human Services, on four (4) ongoing investigations related to services provided within both the Medicaid and Medicare programs.

During FY19, DAU assisted with the establishment of a standard operating procedure (SOP) between Audit Operations' DAU, BSI's DAU, and the Office of the State Auditor's (OSA's) Medicaid Audit Unit. The SOP facilitates cross-unit collaboration and ensures that the OSA is using its resources as efficiently and effectively as possible.

Lastly, DAU initiated the rollout of its analytical support services at the close of FY19. DAU will formally introduce these services in early FY20, when all services will be fully available. The goal is to aid BSI examiners in their investigations by outsourcing data analysis tasks to DAU. Support services will include

the creation of charts, maps, timelines, or graphs needed for visual presentation; optical character recognition (OCR) services; social network analysis; general data analysis; and technical training.

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## NOTABLE BSI ACTIVITY

### **Tewksbury Woman Sentenced for Submitting False Timesheets**

On December 13, 2018, a Tewksbury woman was sentenced in Middlesex Superior Court to one year of incarceration in the house of corrections, with three years suspended, after she pleaded guilty to one count of Medicaid false claims and one count of larceny over \$250. The defendant, who submitted false timesheets claiming that she provided PCA services to her aunt after the aunt's hospitalization and death, received a prohibition from providing any service that is directly billed to MassHealth, and she must pay \$12,360.00 in restitution. Based on BSI's investigative efforts and collaboration with the Attorney General's Medicaid Fraud Division in this case, a Middlesex County grand jury indicted the defendant for allegedly stealing more than \$10,000 in MassHealth benefits from September 2016 through April 2017. (<https://www.mass.gov/news/tewksbury-woman-pleads-guilty-sentenced-for-submitting-false-timesheets-after-patients>)

### **Boston Resident to Pay Restitution for Public Assistance Fraud**

On February 20, 2019, BSI sought to file charges in the Boston Municipal Court, alleging that a Boston woman intentionally withheld her marital status and her spouse's income from EEC. The defendant collected over \$22,000 in childcare benefits during the nearly three-year period of alleged fraud. The woman agreed to a pre-arraignment deal of two years of probation with \$1,500 ordered in restitution.

### **Medford Woman Sentenced for Theft of Government Benefits**

On February 26, 2019, US District Court Judge William C. Young sentenced a Medford woman to one year and one day in prison, three years of supervised release, and restitution totaling \$108,288. On November 26, 2018, the woman pleaded guilty to three counts of theft of public funds, two counts of making false statements, and one count of falsely representing a Social Security number.

In September 2015, the woman, whose scheme of fraud spanned from October 2007 through May 2017, falsely informed DTA that she did not have income other than her Social Security benefits when, in fact, she was receiving income as a result of her work as a PCA. In March 2016, while the woman continued to work as a PCA, she told Social Security that she did not take care of any other individual. She also falsely represented her Social Security number on a timesheet submitted in connection with her work as a PCA. The subject failed to report her income as a PCA, which resulted in the fraudulent payments of

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government benefits, which she would not have been eligible for had she truthfully disclosed her income. (<https://www.justice.gov/usao-ma/pr/medford-woman-sentenced-social-security-medicare-masshealth-and-snap-benefit-fraud>)

## **Norwell Dentist Pleads Guilty to Medicaid Fraud and Larceny in Norfolk Superior Court**

In August 2018, through the investigative efforts of BSI's DAU and the Massachusetts Attorney General's Office (AGO), a Norwell dentist and the corporation she owned were indicted in Norfolk Superior Court on two counts of filing Medicaid false claims and two counts of larceny over \$1,200. The dentist's corporation had been excluded from the MassHealth provider program in a prior court case with the AGO that was resolved through a civil agreement. When applying to open a second location for her corporation, however, the dentist failed to disclose her exclusion from the MassHealth provider program.

On June 21, 2019, the dentist and her corporation pleaded guilty to Medicaid false claims and larceny. The plea agreement includes a sentence of three (3) years of probation, \$173,000 in restitution to MassHealth, an \$84,000 fine against the corporation payable to the Commonwealth, and a five (5) year exclusion from all Medicare and Medicaid programs; the dentist paid the restitution and fine in full. (<https://www.mass.gov/news/quincy-based-dentist-indicted-for-allegedly-defrauding-masshealth>)

## **BSI Participation in Document and Benefit Fraud Task Force Continues**

As an active member of the U.S. Attorney's Public Assistance Fraud Task Force, BSI received 32 referrals in FY19. BSI also continued to serve on the Homeland Security Investigation's Document and Benefit Fraud Task Force (DBFTF), which is comprised of various local, state and federal agencies with expertise in detecting, deterring, and disrupting organizations and individuals involved in various type of document, identity, and benefit fraud schemes.

During an investigation dubbed "Double Trouble," the DBFTF investigated suspected aliens, predominately from the Dominican Republic, who allegedly obtained stolen identities of United States citizens living in Puerto Rico and then used those identities to obtain documents and public benefits that they would not otherwise be eligible to receive. Most frequently, these benefits included Registry of Motor Vehicles identity documents, Social Security numbers, Medicaid, unemployment compensation, and public housing subsidies. Among other things, a comparison of public benefits records revealed the identities of numerous individuals who received public benefits in both Puerto Rico and Massachusetts

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on or around the same date. (<https://www.justice.gov/usao-ma/pr/25-charged-federal-document-and-benefit-fraud-sweep>)

On July 26, 2018, following a federal sweep targeting offenders of document and benefit fraud, various charges were brought against 25 individuals in federal court in Boston. Many of the defendants had prior criminal histories, including a convicted murderer who escaped from prison in Puerto Rico in 1994 while serving a 40-year sentence. Only four (4) of the 25 alleged defendants were lawfully present in the United States. On August 16, 2018, 12 of the 25 defendants were indicted with various charges of aggravated identity theft and false representation of a Social Security number. (<https://www.justice.gov/usao-ma/pr/12-dominican-nationals-indicted-identity-theft-charges>)

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: <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.