



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

Making government work better

Issued, 2012

Bureau of Special Investigations

First Quarter Report – FY2012

July 1, 2011 - September 30, 2011



BUREAU OF SPECIAL INVESTIGATIONS

The Bureau of Special Investigations serves one of the most important functions in the State Auditor's Office -- protecting public assistance programs from fraud and recovering taxpayer dollars from those who try to cheat the system. During challenging fiscal times, BSI investigations take on even greater importance as agencies and assistance programs struggle to stretch fewer dollars available to help those in need. BSI oversight identifies millions of dollars in fraud every year. For the last two fiscal years, BSI detected fraudulently-gained payments equal to nearly a quarter of the entire State Auditor's annual budget appropriation.

Investigations also act as a deterrent to criminals and help agencies and vendors better manage public assistance programs---part of Auditor Bump's mission to help government work better.

BSI examiners work out of five offices throughout the state, investigating referrals from the Department of Transitional Assistance (DTA), Mass Health, law enforcement agencies, child care agencies (CC), and the general public. BSI examiners work with dozens of state agencies in tracking fraudulent claims. Investigations where examiners document illegal activity are turned over to the appropriate law enforcement entity the Attorney General, the ten District Attorneys' Offices, and the U.S. Attorney -- for potential criminal prosecution, and to the appropriate agency for recoupment of illegally obtained funds. These entities establish restitution payments and are responsible for collecting settlement amounts. In certain cases, BSI establishes restitution independently through its own civil recovery process.

FIRST QUARTER ACTIVITIES AND ACCOMPLISHMENTS

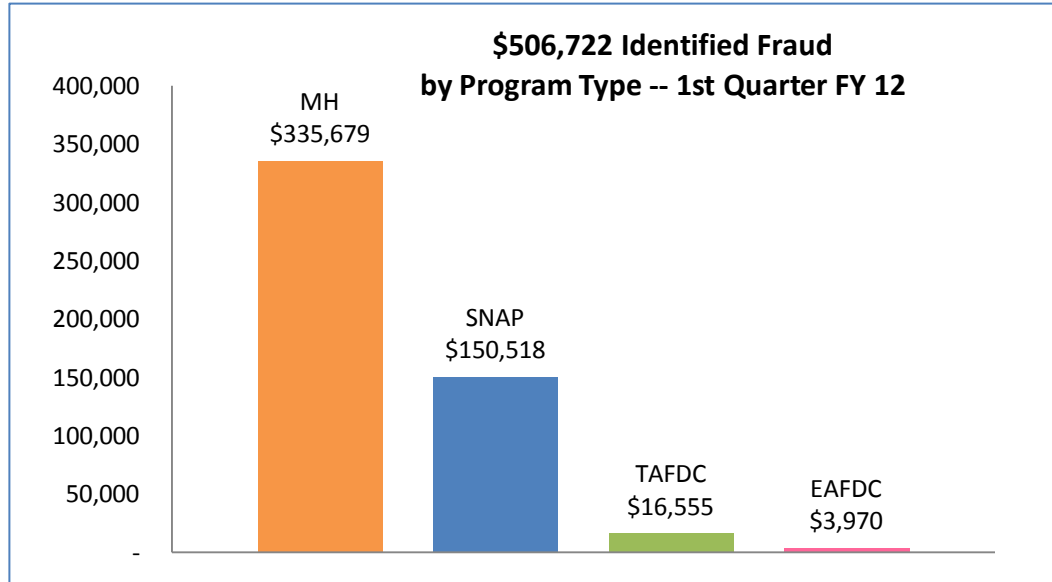
CASELOAD

At the start of the first quarter of FY 2012, BSI's caseload included 2,572 cases in various stages of investigation. BSI received 402 new allegations of fraudulently obtained public assistance benefits and services between July 1, 2012 and September 30, 2012. BSI ended the first quarter with a case load of 1,950.

Summary by Source	CC	MassHealth	DTA	Hotline	Other
Beginning Balance	18	654	1,850	46	4
New cases	0	191	193	17	1
Completed w/fraud	(0)	(18)	(91)	(0)	(0)
Completed w/o fraud	(7)	(258)	(634)	(13)	(3)
Ending Balance	11	569	1,318	50	2

INVESTIGATIONS

During the first quarter, BSI examiners completed 1,024 investigations. BSI examiners found evidence of illegal activities that amounted to \$506,721.60 in fraudulently-obtained public assistance benefits and services in 109 of these investigations.



RECOUPMENT ACTIVITIES BY PROGRAM TYPE

MASSHEALTH (MH)

Of completed cases with identified fraud, 18 had a Medicaid or Personal Care Attendant component, totaling \$335,679 in falsely obtained benefits. Two of these cases discovered fraudulently obtained funds totaling \$85,609.79. These cases are currently being prepared for criminal prosecution. Another case that established fraud in the amount of \$17,489.90 is being evaluated for criminal prosecution by the Court Prosecution Team.

An allegation of Medicaid fraud which uncovered fraudulently paid services in the amount of \$31,207 has been resolved through civil recovery and the funds repaid to the Commonwealth. There are thirteen additional cases with a fraud value of \$171,877.55 that are being prepared for MassHealth to seek civil recovery. In the first quarter of FY 2012, one case was resolved in court, Commonwealth v. Vanessa Brown, where the defendant was adjudicated guilty and ordered to repay \$29,498.40 to the Commonwealth.

SUPPLEMENTAL NUTRITIONAL ASSISTANCE PROGRAM (SNAP)

Of completed cases with identified fraud, 89 had a SNAP component, totaling \$150,518 in falsely obtained benefits. 75 cases, with the total amount of fraudulent benefits of \$91,825, have been sent to DTA for civil recovery. BSI examiners filed criminal charges against Michelle Baily in the Boston Municipal Court, alleging she fraudulently received SNAP benefits of \$26,937. Ms. Bailey failed to appear at her court arraignment and the court issued a warrant for her arrest. Twelve additional cases with SNAP benefits fraud totaling \$31,065, are being prepared for civil recovery through BSI and one case with a SNAP value of \$691.00 is under review and awaiting a final recommendation on the appropriate course of action.

TRANSITIONAL AID TO FAMILIES WITH DEPENDENT CHILDREN (TAFDC)

Of completed cases with identified fraud, six had a TAFDC component, totaling \$16,552 in falsely obtained benefits. Of those cases, four with the amount of fraud totaling \$7,535 have been sent to DTA for civil recovery. In addition, two cases with a TAFDC value of \$9,021 are being prepared for civil recovery through BSI.

EMERGENCY AID TO ELDERS, DISABLED, AND CHILDREN (EAEDC)

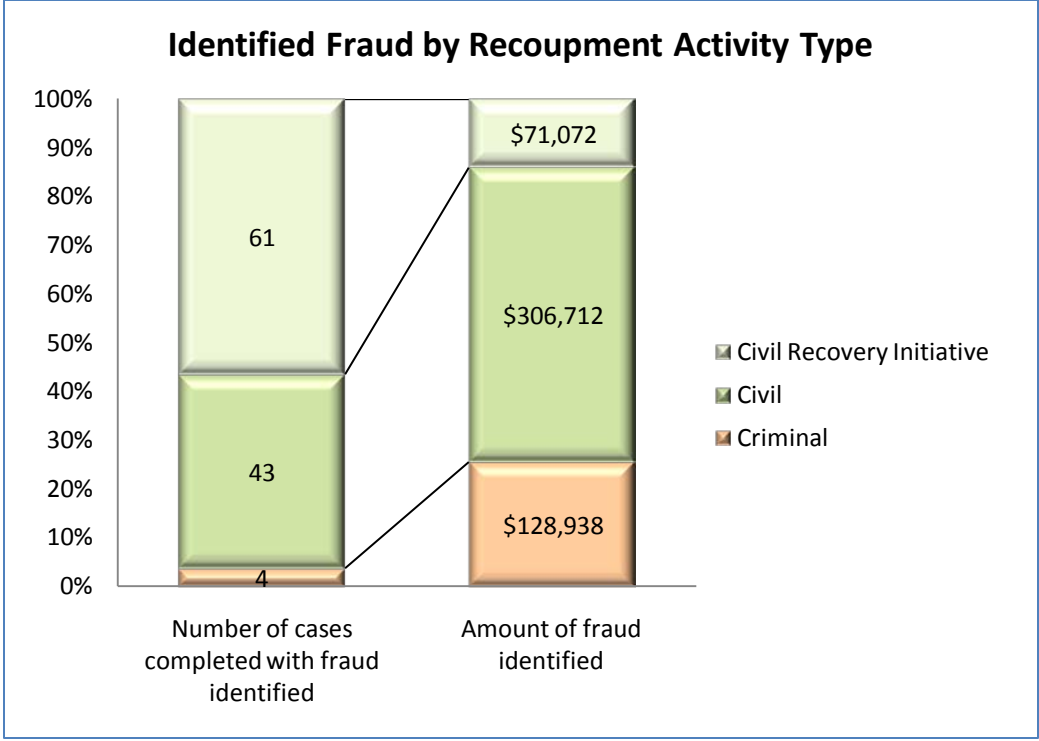
Of completed cases with identified fraud, three had an EAEDC component, totaling \$3,970 in falsely obtained benefits. Of those, two cases totaling \$1,604 of identified fraud have been sent to DTA for civil recovery. One case with EAEDC valued at \$2,366 is being prepared for civil recovery through BSI.

IDENTIFIED FRAUD BY RECOUPMENT ACTIVITY TYPE

CIVIL RECOVERY INITIATIVE

In June 2010, BSI began focusing on civil cases of simple fraud such as under-reporting income which could be quickly investigated by verifying employee business records and fast-tracked back to the Department of Transitional Assistance for recovery of the funds. In the first quarter of FY 2012, BSI Examiners completed 61 cases through the initiative and identified \$71,072 in fraudulent claims. During the first quarter, civil recovery cases accounted for 14% of total dollar amount of identified fraud.

43 cases with identified fraud were sent back to the appropriate agencies for civil recoupment of illegally obtained funds totaling \$306,712.12, and four cases have been or are currently in the process of being turned over to the appropriate law enforcement entity for potential criminal prosecution and recovery of a total amount of \$128,937.91.



INITIATIVES

Fast Tracking Referrals

BSI takes in new allegations of fraud from other state agencies, as well as allegations submitted through the OSA Fraud Reporting Hotline and website. In an effort to prevent ongoing fraud, BSI began streamlining the process which fraud referrals are received. The new “Fast Tracking” system allows BSI Fraud Examiners to identify priority referrals, cases with present fraud, for immediate investigation. The new systems allows Fraud Examiners to prepare investigative plans, enter the field, conduct interviews, and obtain documents within days.

Acting in a timely manner is essential to an effective investigation. Determining the investigative findings stops the fraud scheme from continuing. Also, the quicker BSI Fraud Examiners are able to begin their investigation, the likelihood of uncovering stronger evidence increases. Fast tracked cases are able to be completed and arrive on prosecutor’s office while the evidence is still fresh.

Three of the eighteen “fast track” referrals are currently under review and are being considered for criminal court path.. One of the cases has been sent back to the DTA for civil recovery. The remaining fourteen cases are under investigation by the examiners.

Warrant Initiative

At the beginning of each new fiscal year, BSI undertakes an overall assessment of its caseload inventory and plans to address older cases. During this quarter, BSI focused its work on outstanding so-called “warrant cases.” These are cases where fraud had been identified, criminal charges were filed, and due to the defendant’s failure to appear in court, a judicial warrant was issued. 137 letters were sent to subjects identified in each case explaining the meaning and risk of an outstanding warrant and the methods of repayment for the identified fraud by which the warrant can be resolved.

BSI examiners received 24 inquiries regarding the outstanding warrants and the defendants’ willingness to resolve these cases. In six cases, the warrants have been cleared and the cases were adjudicated in the court system upon receipt of lump sum payments totaling \$4,600 to the Commonwealth. In addition, two cases are awaiting adjudication in court upon receipt of lump sum payments.

In one instance, a woman, who after being visited by BSI examiners, turned herself in to the Fall River District Court on a twelve year old warrant for larceny and false pretenses. The remaining 15 cases are being tracked by the BSI examiners for final disposition and potential recovery of funds.

In addition to the six warrant cases, one case was adjudicated in court and continued without a finding. The defendant was placed on probation for a period of time, and ordered to repay the money to the Commonwealth totaling \$3,500. In one other case, the defendant was found guilty of larceny by false pretenses and committed to the House of Correction to serve a 2-4 year sentence.

The remaining four cases were resolved through a civil recovery agreement totaling \$60,572 to be paid directly to the Department of Transition Assistance.

BSI Case Highlight - Medicaid Fraud

BSI Examiners: Michael Abramson and James Hough.

Beginning in November of 2007, Vanessa Brown began submitting daily activity logs so Medicaid would pay for a personal care attendant whom she claimed to have hired to provide her services over three years. The PCA Program, funded by Medicaid, helps eligible elderly and disabled Massachusetts residents in their daily routines, so that they can continue to live in their own homes, which saves the Commonwealth from having to pay for their care in institutional settings. But in this case there was no PCA providing care to Brown.

BSI examiners, working with the Massachusetts Attorney General, were able to establish that Brown used the stolen name and social security number of another person to create a fictitious PCA and submit false daily activity logs to MassHealth, resulting in the fraudulent payment of PCA services. BSI's further investigation established that Brown received and cashed all the payroll checks totaling \$ 26,032.

In July of 2011, as a result of BSI's referral of the case to the Attorney General, Vanessa Brown pled guilty in Berkshire County Superior Court to four counts of MassHealth fraud and one count of larceny. Brown was sentenced to concurrent two to four years in the Berkshire County House of Corrections.

While the bulk of cases that 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 utilize our fraud reporting hotline: (617)727-6771. All complaints are kept confidential.

State House Room 230 ■ Boston, MA 02133 ■ auditor@sao.state.ma.us ■ www.mass.gov/auditor