



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

Making government work better

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Bureau of Special Investigations First Quarter Report – FY 2013

July 1, 2012 – September 30, 2012



BUREAU OF SPECIAL INVESTIGATIONS

The Bureau of Special Investigations (BSI) continues to serve an important and necessary function in the State Auditor's Office by diligently protecting public assistance programs from fraud and recovering taxpayer dollars from those who choose to cheat the system, thereby maximizing resources for those citizens truly in need of services. During challenging economic times, the identification and recoupment of fraudulently used public assistance takes on an even greater importance as agencies and assistance programs struggle to stretch limited resources to help those in need.

BSI has enveloped itself around Auditor Bump's mission to help government work better by instituting and enhancing several initiatives and organizational changes, focused around this simple, yet vital, component to ensure taxpayer dollars are spent properly and as efficiently as possible.

Working under the provisions of M.G.L. Chapter 11, Section 17, BSI examiners operate from five offices across the state, investigating referrals from the Department of Transitional Assistance (DTA), MassHealth, law enforcement agencies, and the general public. BSI works closely with other agencies at the federal, state, and local levels. BSI examiners participate in joint investigations and serve on task forces focused on preventing and combating fraudulent activities. BSI interacts with numerous agencies including the Federal Bureau of Investigation, the U.S. Food and Drug Administration, the U.S. Health and Human Services, the U.S. Attorney's Office, the Office of the Attorney General, the State Police, District Attorneys' Offices, local police, and administering agencies.

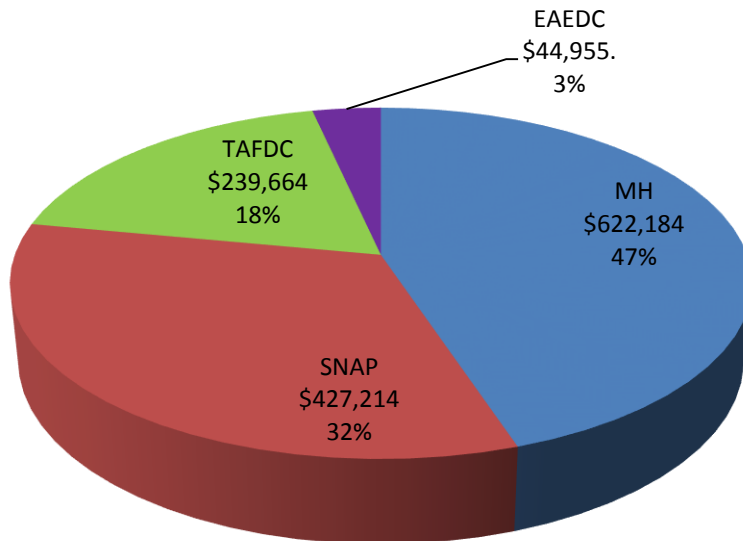
BSI's case tracking application and its business intelligence software continue to be a valuable investigation management tool for examiners and other staff. Using this technology, which electronically collects investigative data, performs analytical tasks, and helps to prioritize casework, examiners are able to expedite fraud investigations, accelerate cases for recoveries, and gather information to enhance prevention activities. In the past year, the case tracking system and business intelligence software have become a necessary tool for effective and well-organized case management, while giving the ability to improve compliance rates established by the United States Department of Agriculture Food and Nutrition Service.

With a budget of \$1.8 million, BSI identified \$5,542,310 in fraudulent claims in FY 2012.

FIRST QUARTER ACTIVITIES AND ACCOMPLISHMENTS

During the first quarter of FY 2013, BSI received over 1,800 complaints of suspected fraud in public assistance programs. Of the investigations BSI examiners completed, they identified over \$1.3 million in fraudulent claims which are subject to civil recovery or prosecution by the Commonwealth.

FRAUD IDENTIFIED FIRST QUARTER FY 2013



Total = \$1,334,019.05

DTA Programs

Emergency Aid to Elders, Disabled & Children (EAEDC)

Transitional Aid to Families w/ Dependent Children (TAFDC)

Supplemental Nutritional Assistance Program (SNAP)

MassHealth Programs (MH)

Medicaid

Personal Care Attendants

CASELOAD

Investigations where examiners document fraudulent receipt of benefits are reviewed for potential prosecution, or sent to the appropriate administering agency responsible for recoupment of fraudulently obtained funds, establishing restitution payments and arranging for the collection of settlement amounts.

CASE SUMMARY FIRST QUARTER FY 2013

	Child Care	MH	DTA	Hotline	Other	Total Case Counts
Beginning Balance	10	330	1,484	40	1	1,865
New Investigations	0	232	1,581	8	1	1,822
Completed w/o Fraud	(3)	(107)	(1,402)	(11)	(0)	(1,523)
Completed w/ Fraud	(0)	(21)	(221)	(3)	(1)	(246)
Ending Balance	7	434	1,442	34	1	1,918

At the start of FY 2013, BSI's caseload included 1,865 cases in various stages of investigation. BSI received 1,822 new allegations of fraudulently obtained public assistance benefits and services between July 1, 2012 and September 30, 2012. BSI ended the first quarter of FY 2013 with a case load of 1,918. During this quarter, BSI examiners completed a total of 1,769 cases. Of those cases completed, 246 were associated with fraudulent claims, which equates to an average of \$5,249 of identified fraud per case.

Proper case management is essential to early detection and prevention of public assistance benefits issued to those not eligible or trying to cheat the system. The sooner an investigation is initiated, the likelihood of uncovering stronger evidence increases, as does recouping the maximum amount of fraudulently obtained funds, and successful prosecution. BSI has recognized this and is focused on reducing the backlog of cases. Several initiatives have been implemented to ensure proper case management and continued reduction of backlogged cases are taking place to include:

- Initial Case Review – Cases are analyzed for potential fraud. Those cases with identified potential fraud are classified as field or desk assignments, with priority given to those cases requiring a more lengthy investigation.

- “Fast-Track” Cases – Cases which are particularly egregious, with ongoing fraud, involving multiple offenders or jurisdictions, are brought to the top of the list and the appropriate level of resources are applied to ensure that a complete and thorough investigation is finalized in an expeditious manner.
- Civil Recovery through BSI – In an effort to recoup money from cases where a significant amount of time has passed from the period of fraud to when the complaint is made, civil recovery is pursued through BSI. During this fiscal year, two examiners assigned to this initiative successfully recovered \$163,586.

To gain a better understanding of the fiscal impact of its investigations, DTA submits monthly reports on the payments received through court order and civil recovery as the result of BSI investigations.

MONTH	TOTAL COLLECTED AMOUNT	NUMBER OF PAYMENTS MADE
July 2012	\$49,052.21	836
August 2012	\$70,201.38	926
September 2012	\$44,994.99	907
FY 2013 First Quarter Totals	\$164,248.58	2669

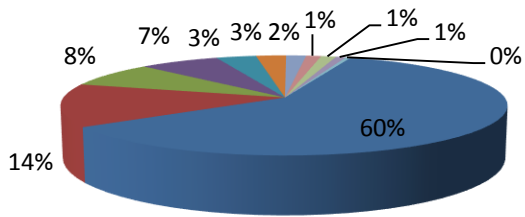
MASSHEALTH AND DEPARTMENT OF TRANSITIONAL ASSISTANCE PROGRAM SUMMARY

- Examiners identified fraud in 23 MassHealth cases totaling \$622,184.93.
- The majority of referrals involve eligibility issues, such as unreported assets and income, and false identities.
- BSI examiners identified fraud in 203 Supplemental Nutritional Assistance Program (SNAP) cases totaling \$427,214.
- BSI examiners identified fraud in 67 Transitional Aid to Families with Dependent Children (TAFDC) cases totaling \$239,664.
- BSI examiners identified fraud in 22 Emergency Aid to Elders, Disabled and Children (EADC) cases totaling \$44,955.

CASES REFERRED BY ALLEGATION TYPE

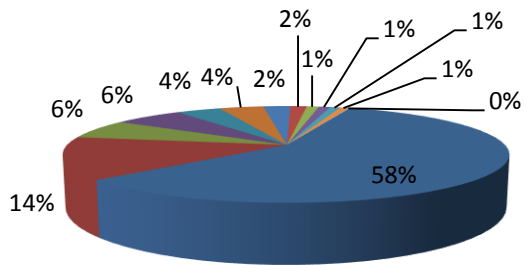
MASSHEALTH

- Personal Care Attendant
- Assets
- Employment
- Out of State
- Non-Custodial Parent
- Subject Living Above Means
- Other Earner in Home
- Drug Diversion
- False Identity
- Dependent Not in Home

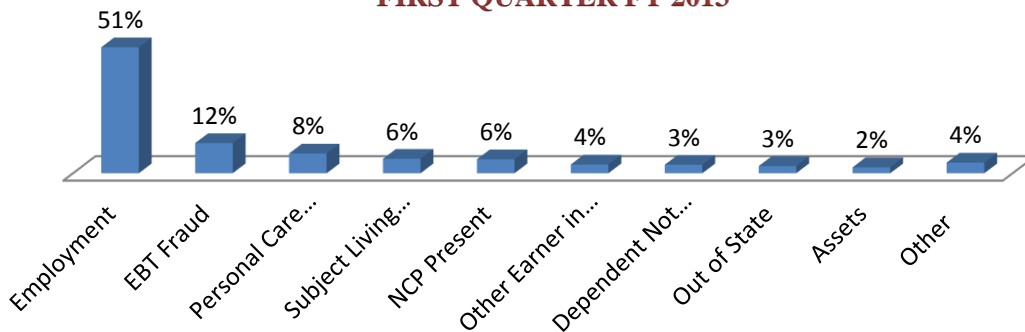


DTA

- Employment
- EBT
- Subject Living Above Means
- NCP in Home
- Dependent Not in Home
- Other Earner in Home
- Out of State
- Other
- Support Payments
- Non-Resident



MASSHEALTH AND DTA REFERRED CASES FIRST QUARTER FY 2013



CASE HIGHLIGHTS

BSI continues to ensure that more egregious or repeat offenses are identified as potential court cases at the beginning stages of the investigation. During this quarter, defendants were found guilty in 3 cases and 24 cases are in various stages of criminal prosecution with a total amount of \$387,184.06 of identified fraud.

One such case involved a Lynn woman who was charged with two counts of larceny over \$250, two counts of false representation to procure welfare, and one count false representation, failure to disclose – regarding the Division of Medical Assistance.

The BSI investigation revealed that the defendant fraudulently collected \$11,309.44 in Supplemental Nutritional Assistance Program (SNAP) benefits, \$22,162.15 in Transitional Assistance for Families with Dependent Children (TAFDC), and \$8,420.61 in MassHealth benefits between January 1, 2006 and May 15, 2012 by intentionally withholding the fact that the father of her son resided in her household, was gainfully employed, and was enrolled in private employer based health insurance to which his son was entitled. The defendant continued her scheme by making false representations on two DTA Re-Determination Forms and one DMA Eligibility Review Form, continuing to claim that the father of her son was not living in her home.

The defendant, in her capacity as the representative payee for her son, also fraudulently collected \$15,508.35 in Supplemental Security Income (SSI) Disability benefits from the Social Security Administration (SSA) issued to her for her son between September, 2010 and May, 2012. The defendant maintained her fraudulent scheme by submitting false information on a SSA benefits application, when she claimed that her household consisted of only her son and herself.

The defendant defrauded the Commonwealth of \$41,892.20 and the Social Security Administration of \$15,508.35 by intentionally hiding the fact the father of her son was residing in the home, gainfully employed, and eligible for family health insurance. This case is pending in Lynn District Court.

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 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