



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

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Bureau of Special Investigations 1st Quarter Report

Fiscal Year 2016

July 1, 2015 – September 30, 2015



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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 investigators ensures taxpayer dollars used to fund Massachusetts' public benefits programs are used 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 Families¹ (DCF), and the Division of Medical Assurances (DMA), which administers MassHealth (the state's Medicaid program). Although not included in the BSI statute, BSI also works with the Department of Early Education and Care (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 Department of Transitional Assistance Unit, and the Data Analytics Unit. Each unit is headed by an Assistant Director who reports to the Director of BSI. 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, as statutorily required, summarizes BSI's work in the 1st quarter of fiscal year 2016.

¹ The Department of Children and Families does not administer public assistance funding and therefore, does not fall within the scope of BSI's investigative work.

EXECUTIVE SUMMARY

In the 1st quarter of fiscal year 2016, BSI opened 1,907 new investigations, completed 1,913 total investigations, and identified fraud in 208 cases. BSI identified \$3,218,250.65 in public assistance fraud during this quarter. The next section of this report includes a comprehensive breakdown of the fraud identified within each of the specific programs BSI is statutorily obligated to investigate.

In the course of its work, BSI investigators interacted with numerous state and federal agencies, including the Department of Agriculture, the Department of Health and Human Services, the Massachusetts' Office of the Inspector General, the United States Attorney, the Massachusetts Attorney General, District Attorneys, and local law enforcement.

BSI's partnership with these agencies is crucial to its efforts to ensure that public benefits programs operate with integrity and are available to the citizens of the Commonwealth who truly need them.

1ST QUARTER SUMMARY

Caseload	EEC	MassHealth	DTA	Hotline	Other	Total
Beginning Balance	2	390	1,619	1	7	2,019
New Investigations	2	295	1,603	1	6	1,907
Total Completed Investigations	0	260	1,650	1	2	1,913
Completed w/ No Fraud	0	187	1,443	1	1	1,632
Completed w/ Identified Fraud	0	73	134	0	1	208
Ending Balance	4	425	1,572	1	11	2,013

Identified Fraud Cases by Disposition

- Total Cases with Identified Fraud: 208
- Closed or Intentional Program Violation (IPV): 186
- Referred for Prosecution: 4
- Civil Recovery: 1
- Referred for Further Action: 17

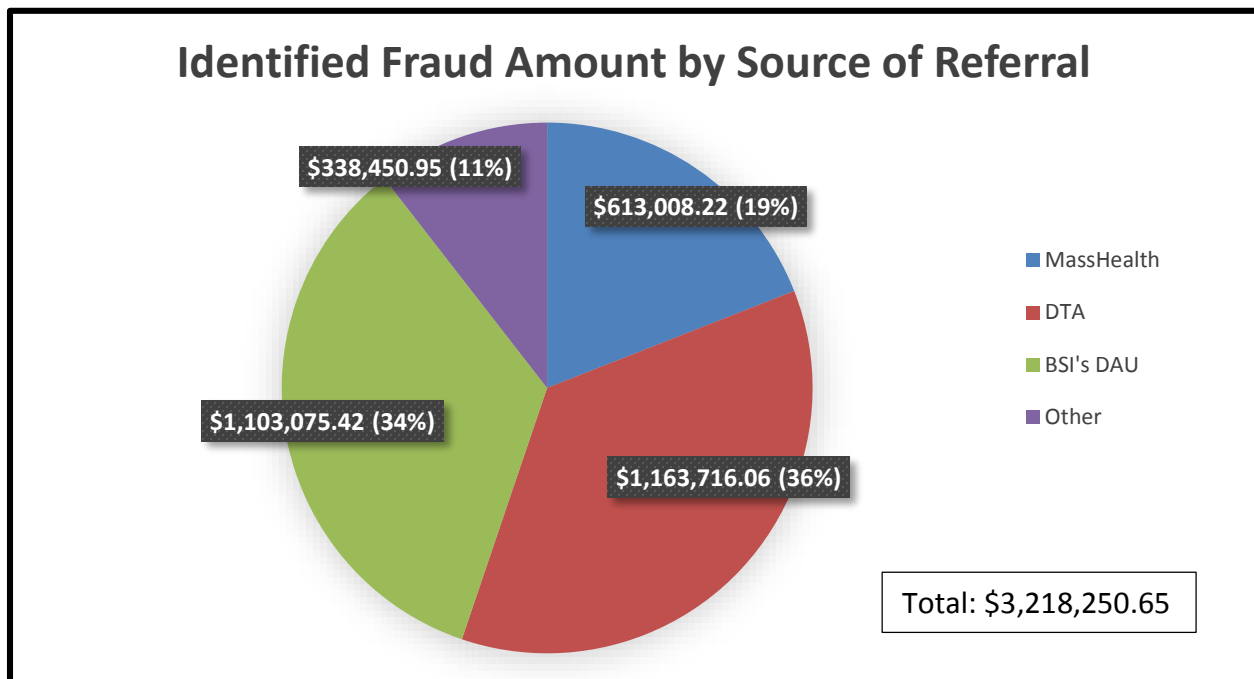
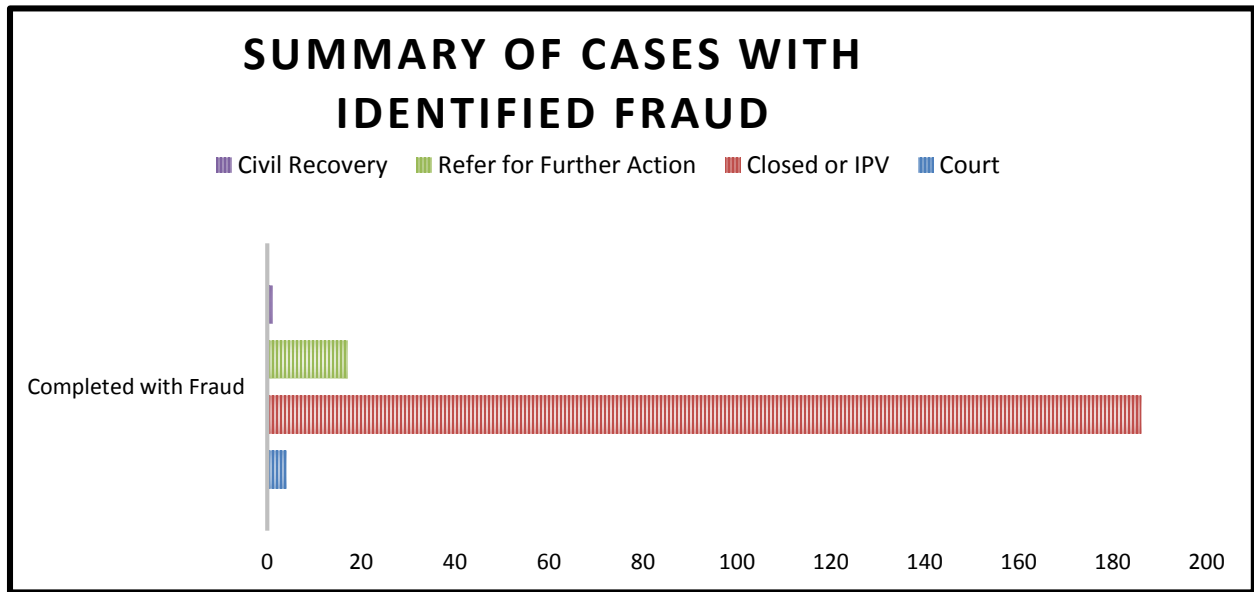
BSI uses different disposition codes to categorize completed investigations: closed, IPV, referred for further action, referred for prosecution, civil recovery, and warrant issued.

- 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 documents to substantiate the fraud or the individual was not receiving benefits during the period of the allegation².

- An Intentional Program Violation, or IPV, is a case that is returned to the Department of Transitional Assistance (DTA) to be handled administratively.
- “Referred for prosecution” refers to those cases for which BSI examiners file criminal complaints against the subjects or the case has been referred to the Attorney General’s Office or a District Attorney’s Office for prosecution.
- Civil recovery cases are those for which BSI has resolved the case through an agreement in which the subject agrees to pay back part or all of the fraudulently obtained benefits to the Commonwealth.
- Cases designated as referred for further action are completed cases with identified fraud that require management discussions to determine appropriate resolutions. The case will be referred for prosecution, civil recovery or returned to the appropriate agency for their administrative process, at which time the BSI status changes to completed and closed.
- A warrant is issued when BSI takes out a criminal complaint against a subject and they fail to show up for a hearing. There were not warrants issue for BSI-related cases this quarter.

² The Office of the State Auditor filed House Bill 5, “An Act facilitating the legislative mandate of the Bureau of Special Investigations,” which would grant subpoena authority to the Director of the Bureau of Special Investigations.



1st QUARTER SUMMARY BY UNIT

Central Processing Unit

During the 1st quarter of FY16, the Central Processing Unit (CPU) received a total of 1,907 referrals, of which 1,603 were from DTA, 295 were from MassHealth, and nine were from other sources, such as the Department of Early Education and Care, the Office of the State Auditor's fraud hotline, and BSI's Data Analytics Unit. On average, CPU processed approximately 142 referrals per week. CPU completed and closed 1,632 referrals, 208 of which were sent to DTA as Intentional Program Violation (IPV) cases to be handled administratively, and 10 of which were consolidated with current open investigations.

MassHealth Unit

During the 1st quarter of FY16, 136 new cases were assigned to the MassHealth Unit. The team of five fraud examiners completed 133 investigations, which resulted in \$364,844.20 in identified fraud. Collaboration with the Data Analytics Unit resulted in 14 new case assignments involving Personal Care Attendant (PCA) program and Long Term Care program overlap, in which subjects are suspected of billing the state through the PCA program while also billing the federal government through the Long Term Care program for the same services, a practice that is prohibited in state and federal regulations. Of these 14 cases, 13 resulted in a finding of fraud totaling \$63,232.86.

MassHealth Unit representatives continued regular meetings with stakeholders, including MassHealth's Program Integrity Unit, the Massachusetts Department of Elder Affairs, and various fiscal intermediaries. BSI representatives also met with MassHealth's Program Integrity Unit and MassHealth legal counsel to discuss how BSI can help improve MassHealth's Recovery of Medical Benefits (ROMB) process to allow MassHealth to more efficiently resolve fraud cases and recoup money for the Commonwealth.

Data Analytics Unit

During the 1st quarter of FY16, the Data Analytics Unit (DAU) was outfitted with new software applications in order to more efficiently and innovatively complete data analysis. The new software includes: Tableau, SQL Server Management Studio, and GoTo Meeting. Training on this new software took place at the beginning of the 2nd quarter.

The team analyzed select mental health procedure codes in order to prepare and submit mental health study data to the Healthcare Fraud Prevention Partnership (HFPP), a partnership between the federal government, state agencies, law enforcement and private insurance companies in an effort to foster a proactive approach to detect fraud in healthcare.

BSI DAU also identified an Adult Day Health facility in violation of MassHealth regulations (130 CMR 404.415) and the United States Department of Agriculture Child and Adult Care Food Program Handbook. The facility was seeking reimbursement from both state and federal programs for lunches served to recipients, ultimately double billing for meals. This resulted in identification of \$1,103,075 in improper Medicaid payments and \$338,450 in improper federal grant payments. DAU determined that over an eight year period, the Adult Day Health facility received a total of \$1,441,525 in state and federal funding to which it was not entitled. BSI DAU referred this case to the United States Department of Agriculture, Office of the Inspector General for further investigation.

Department of Transitional Assistance Unit

During the 1st quarter of FY16, Department of Transitional Assistance (DTA) Unit examiners investigated 207 cases with identified fraud, resulting in \$1,053,917.73 in identified fraud this quarter.

One example of a case closed by this Unit involved a woman who failed to report to DTA that she was receiving substantial child support payments of \$725 per week from 2012 to 2015. During this period, she was also collecting \$500 per month in Supplemental Nutritional Assistance Program (SNAP) benefits for which she was not qualified. Due to her misrepresentations, she fraudulently received \$17,389.13 in SNAP benefits. The case was sent to DTA as an Intentional Program Violation (IPV) for recovery.

NOTABLE BSI ACTIVITY AND UPDATES

BSI WELCOMES NEW ASSISTANT DIRECTOR OF DATA ANALYTICS UNIT

The Data Analytics Unit is now led by a new Assistant Director, Penny Learn, who has 13 years of experience with the Office of the State Auditor's (OSA) IT department. Learn started her career at the OSA in October 2002 as a Business Analyst in IT, where she worked on OSA Workstation application projects, including the BSI module. Over the years, she expanded her role by taking on responsibilities such as the Department of Transitional Assistance and Department of Revenue data transfer exchanges, SQL development, and business intelligence development and report writing.

BSI UNCOVERS UNDERREPORTING OF HOUSEHOLD INCOME TO COLLECT SNAP BENEFITS

A BSI investigation revealed that Massachusetts resident V. Garrett severely underreported his income to the Department of Transitional Assistance (DTA) in an effort to appear eligible for Supplemental Nutritional Assistance Program (SNAP) benefits. Garrett reported a household income ranging from \$74,000 to over \$200,000 from 2010 to 2013 on his tax returns while simultaneously claiming no earned income on SNAP re-evaluation forms submitted to DTA. As a result, Garrett fraudulently collected over \$44,000 in SNAP benefits. Garrett was charged with larceny over \$250 and public assistance fraud in Boston Municipal Court on August 12, 2015. The court ordered the case be dismissed when the defendant paid the full restitution of \$44,271.59.

INVESTIGATION REVEALS WOMAN FRAUDULENTLY COLLECTING MASSHEALTH BENEFITS, AMONG OTHER CRIMES

A BSI investigation revealed that D. Alessandrini did not include her husband or his income in her household on MassHealth applications and re-evaluations from 2002 to 2012. Alessandrini's husband worked for a major healthcare provider and was earning over \$100,000 per year. Alessandrini fraudulently collected \$54,000 in MassHealth benefits over this ten year period. As a result of this investigation, Alessandrini was charged with larceny over \$250 in Wrentham District Court on July 2, 2015. Her case is scheduled for a pre-trial hearing on February 3, 2016. Alessandrini is currently incarcerated resulting from other charges out of Suffolk Superior Court and Norfolk Superior Court, including larceny, identity theft, fraud and intimidation.

UPDATE ON H. NARCISSE CASE: BSI COLLABORATION WITH SOCIAL SECURITY ADMINISTRATION LEADS TO GUILTY PLEA

As a result of a joint investigation between BSI and the Social Security Administration Office of Inspector General, H. Narcisse was charged with a felony in August 2015. Narcisse pled guilty in U.S. District Court on September 10, 2015 in Worcester to fraudulently receiving over \$100,000 in public benefits.

Narcisse began collecting Social Security Supplemental Security Income (SSI) disability benefits in 1999 and Supplemental Nutrition Assistance Program (SNAP) benefits in 2011. BSI investigated Narcisse's receipt of SNAP benefits and found that she fraudulently collected \$17,012.00 in SNAP benefits from 2011 to 2015 by intentionally withholding that her husband, J. Narcisse, resided in her household and was gainfully employed. H. Narcisse made false representations on three official Department of Transitional Assistance (DTA) forms. The U.S. District Court in Worcester placed her on probation for three years and ordered her to pay restitution in the amount of \$117,524.02.

The case was mentioned by several news outlets, including the Department of Justice website, the Worcester Telegram and Gazette, and Fox News Boston.

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.