



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 2018
July 1, 2017 – September 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 in order to make government work better. The diligent work of BSI fraud examiners ensures taxpayer dollars used to fund Massachusetts' public benefits programs are managed 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, 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 also 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 fraud 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. An Assistant Director, who reports to the Director of BSI, heads each unit. 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 2018, which included \$1,223,294.37 in identified fraud.

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

Figure 1. Total Identified Fraud by Referral Source

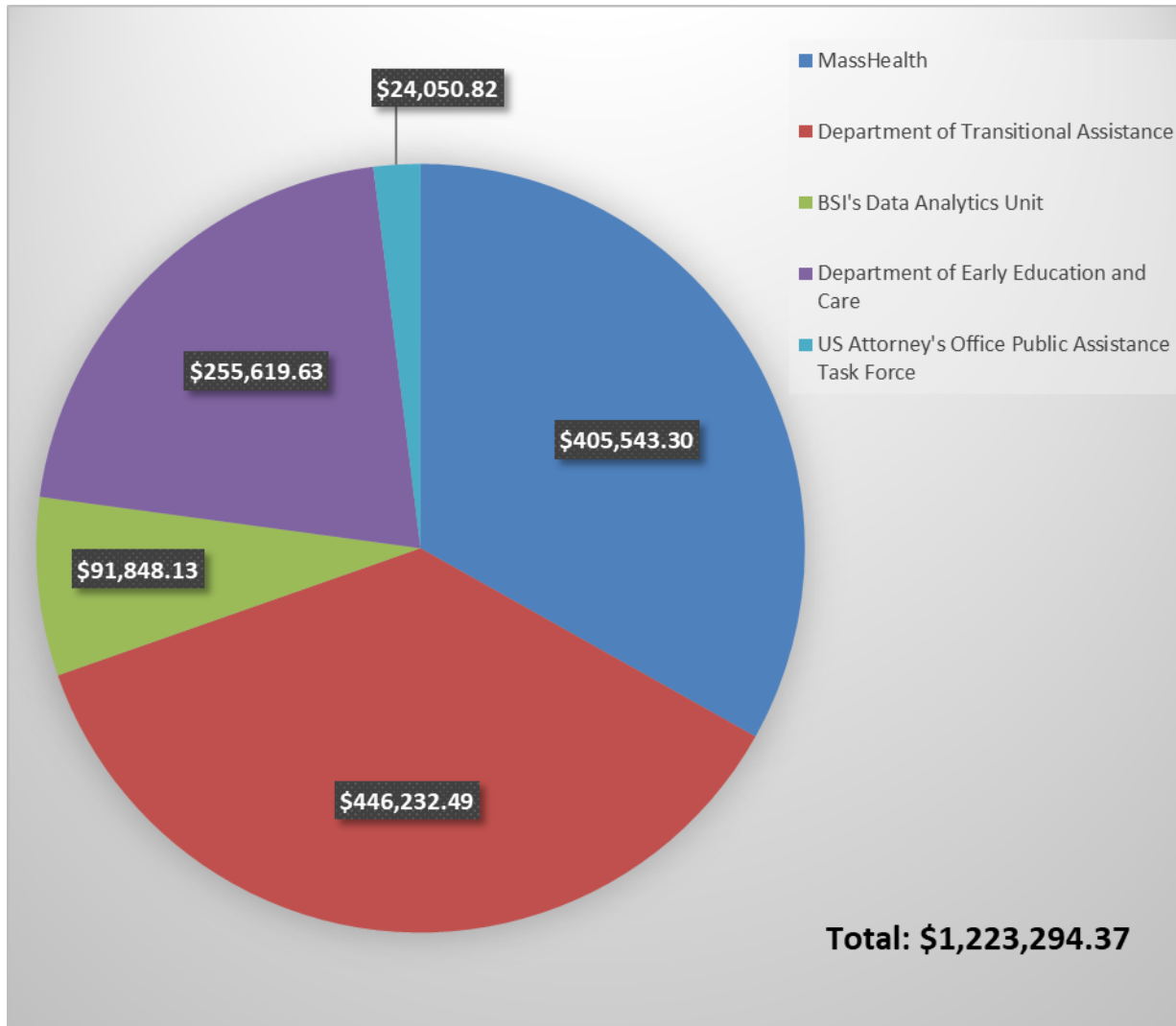


Figure 1. The total amount of fraud BSI identified in the 1st quarter of FY18, organized by the referral source. For example, BSI identified \$405,543.30 in fraud as a result of referrals from MassHealth. Referrals from BSI's Data Analytics Unit (DAU) and the Department of Education and Care are investigated by the MassHealth Unit, Department of Transitional Assistance Unit, or DAU.

1st QUARTER SUMMARY BY UNIT

Central Processing Unit

The Central Processing Unit (CPU) received 1,574 new referrals for investigation in the 1st quarter of fiscal year 2018 (FY18) from the following sources:

Source	Number of Referrals	Percentage of Total
Department of Transitional Assistance (DTA)	1,440	91.5%
MassHealth	82	5.2%
BSI Hotline	42	2.7%
Department of Early Education and Care (EEC)	6	0.4%
Data Analytics Unit (DAU)	2	0.1%
US Attorney's Office Public Assistance Task Force	2	0.1%

The primary sources of fraud in these 1,574 new referrals based on the number of cases are as follows:

Type	Number of Cases	Percentage of Total
Supplemental Nutrition Assistance Program (SNAP)	1,056	67.1%
Transitional Aid to Families with Dependent Children (TAFDC)	281	17.9%
Emergency Aid for Elderly, Disabled, and Children (EAEDC)	116	7.3%
MassHealth	110	7.0%
Classification to be Determined	6	0.4%
Other	5	0.3%

CPU team members processed, analyzed, and reviewed 2,013 cases. CPU identified 786 referrals as potential Intentional Program Violation (IPV) cases, where BSI determined that a fraud claim had merit but returned the case to DTA for further action based on our evidence. Additionally, CPU closed 794 cases administratively with no fraud determined after completing a preliminary investigation. CPU designated the remaining 433 cases for assignment to either the MassHealth or DTA units.

MassHealth Unit

During the 1st quarter of FY18, there were 231 new cases assigned to BSI's MassHealth Unit, which completed 164 investigations. In total, the MassHealth Unit identified \$405,543.30 in fraud in 90 cases. Seventy-four cases resulted in a finding of no fraud or were closed administratively.

The MassHealth Unit also collaborated on cases with different units within BSI. The MassHealth Unit worked with the DTA Unit on 15 investigations, including 2 EEC cases.

The Unit's teamwork with BSI's Data Analytics Unit (DAU) continues to contribute to the success of investigations into MassHealth's Personal Care Attendant program. DAU's success at uncovering long-term care overlap has increased the number of completed cases and identified fraud.

Department of Transitional Assistance Unit

For the 1st quarter of FY18, the DTA Unit completed 184 cases and identified fraud totaling \$701,852.12 in 84 cases. Eighty-one of those cases were DTA (non-EEC) referrals, generating \$446,232.49 in identified fraud. The DTA Unit completed three cases for EEC that identified \$255,619.63 in fraud.

In addition, the DTA Unit lent its efforts and resources to the federal Public Assistance Task Force, which resulted in six cases (three stolen-identity cases and three unreported-income cases) that the US Attorney's Office is handling. Finally, charges were filed in Boston Municipal Court on one DTA case received through our hotline.

Data Analytics Unit

During the 1st quarter of FY18, the DAU's efforts continued to uncover suspicious MassHealth provider activity. In some cases, these efforts supported open federal and state investigations. Twenty-nine DAU sourced referrals from previous quarters resulted in investigations by the MassHealth and DTA units that identified \$91,848.13 in fraud this quarter.

NOTABLE BSI ACTIVITY

Malden Woman Pleads Guilty to Theft of Government Benefits

On September 25, 2017, a Malden woman pleaded guilty in US District Court in Boston to collecting over \$176,000 in government benefits by providing false information about her family.

BSI's investigation found that the subject owned and lived in a Malden home with her children and their father since at least 2003, during which time she collected needs-based Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP), and MassHealth benefits. These public assistance programs use household composition and/or income to determine eligibility. The subject's failure to disclose that the father of her children lived in the home and her failure to report his income resulted in fraudulent payments in the amounts of \$87,053 in SSI, \$47,745 in SNAP, and \$41,435 in MassHealth benefits that she would not have been otherwise eligible for had she truthfully disclosed her household composition and income.

BSI Hires Six and Promotes Two

During the 1st quarter of fiscal year 2018, BSI hired six new staff members in various roles including fraud examiners and legal counsel. These hires demonstrate BSI's ability to attract bright talent with a commitment to public service. All recent new staff are replacing staff who have either left BSI for new positions outside the agency, or have been recently promoted within BSI.

BSI also promoted two fraud examiners: one fraud examiner from CPU was promoted to the Data Analytics Unit (DAU) and a fraud examiner from DAU was promoted to the position of senior fraud examiner. BSI's commitment to promoting from within allows it to retain talent by offering a clear path toward career advancement and development.

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's 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.