



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

Official Report – December 19, 2018

Bureau of Special Investigations 1st Quarter Report
Fiscal Year 2019
July 1, 2018 – September 30, 2018



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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 2019, during which BSI identified \$3,338,825.02 in 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 Public Benefit Program

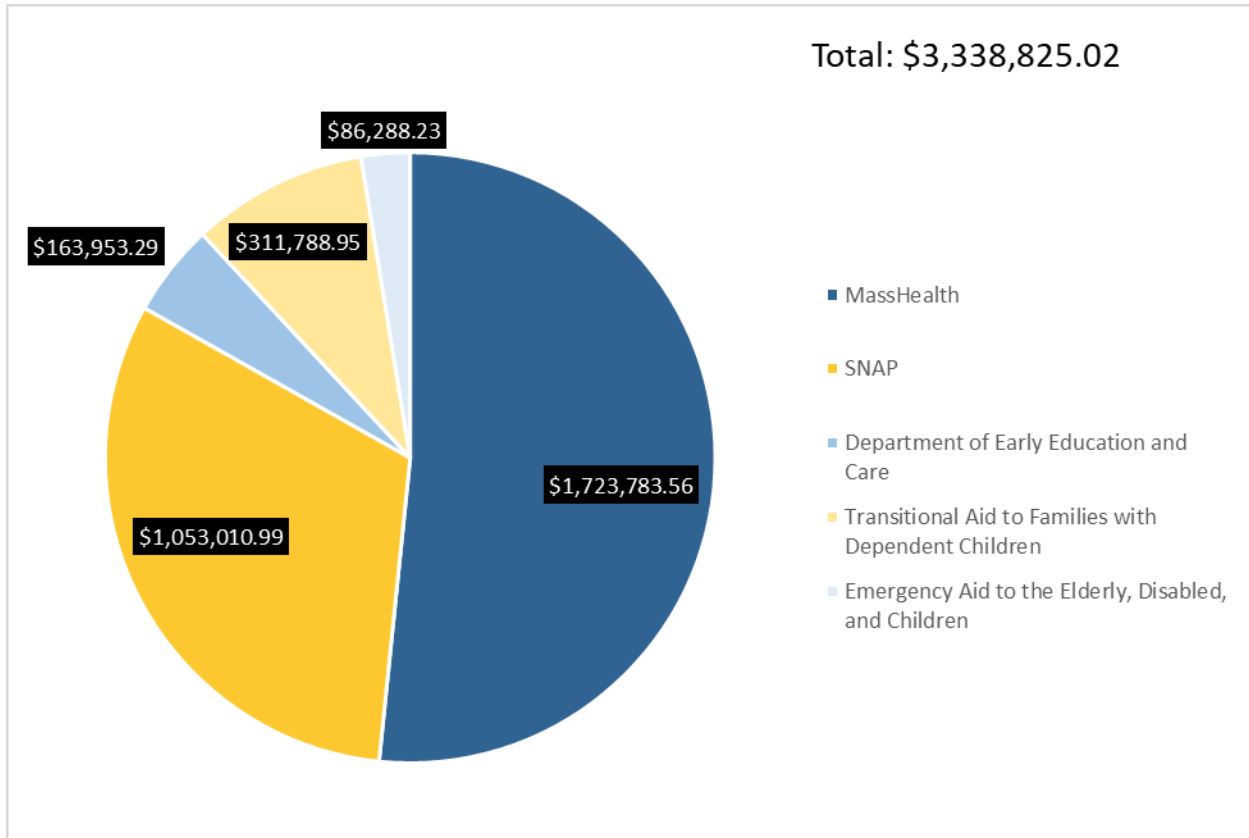


Figure 1. The total amount of fraud BSI identified in the 1st quarter of FY19, organized by public benefit program. For example, BSI identified \$163,953.29 in fraud in EEC program benefits.

1st QUARTER SUMMARY BY UNIT

Central Processing Unit

The Central Processing Unit (CPU) received 1,652 new referrals for investigation in the 1st quarter of fiscal year 2019 (FY19) from the following sources:

Source	Number of Referrals	Percentage of Total
Department of Transitional Assistance (DTA)	1,177	71.2%
MassHealth	289	17.5%
BSI Hotline	170	10.3%
Department of Early Education and Care (EEC)	8	0.5%
Data Analytics Unit (DAU)	5	0.3%
US Attorney's Office Public Assistance Task Force	3	0.2%

The following public assistance programs were the primary basis for potential fraud in the 1,652 new referrals:

Type	Number of Cases	Percentage of Total
Supplemental Nutrition Assistance Program (SNAP)	543	32.9%
Transitional Aid to Families with Dependent Children (TAFDC)	425	25.7%
MassHealth	352	21.3%
Emergency Aid to the Elderly, Disabled, and Children (EAEDC)	254	15.4%
Classification to Be Determined	67	4.1%
Other	11	0.7%

CPU team members processed, analyzed, and reviewed 1,633 cases. CPU identified 285 referrals as potential Intentional Program Violation 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 981 cases administratively with no fraud determined after completing a preliminary investigation. CPU designated

the remaining 367 cases for assignment to either the MassHealth Unit or the DTA Unit. Lastly, CPU team members completed 80 DTA investigations, identifying fraud in 71 cases.

MassHealth Unit

During the 1st quarter of FY19, there were 103 new cases assigned to BSI's MassHealth Unit. The unit completed 185 investigations and identified \$784,561.98 in fraud; 174 were MassHealth cases with \$586,787.40 in identified fraud and the remaining 11 were DTA/EEC cases with \$197,774.58 in identified fraud. Of the 185 completed cases, 140 had a financial amount attached to them, while the remaining 45 cases resulted in a finding of no fraud or were closed administratively.

The MassHealth Unit's collaboration with BSI's DAU continues to contribute to the success of investigations into out-of-state residents receiving MassHealth benefits. The DAU's success at uncovering MassHealth recipients residing out of state has increased the number of completed cases and identified fraud totals.

Department of Transitional Assistance Unit

For the 1st quarter of FY19, the DTA Unit, which investigates public assistance fraud involving DTA and EEC benefits, completed 185 cases and identified fraud totaling \$1,607,623.46. The SNAP (food stamp) program had \$1,045,592.99 in identified fraud, while the TAFDC cash assistance program had \$311,788.95. Additionally, the EEC program had \$163,953.29 in identified fraud and the EAEDC program had \$86,288.23.

The DTA Unit continued its involvement with the federal Public Assistance Task Force. In addition, the DTA Unit completed 18 civil recoupments, totaling \$472,911.98 in identified fraud monies to be repaid to the Commonwealth.

Data Analytics Unit

During the 1st quarter of FY19, the DAU continued its efforts to uncover suspicious MassHealth provider activity. In some cases, these efforts supported open federal and state investigations. The DAU generated 105 referrals that were investigated by the MassHealth Unit and identified fraud in 103 of those referrals.

The majority of the DAU's referrals identified fraud in connection with personal care attendants (PCAs) falsely submitting time sheets for services allegedly provided to members residing in long-term care facilities. MassHealth prohibits PCA services for members who reside in long-term care facilities.

The DAU identified and referred several instances of improper billing related to dermatology services and evaluation and management services provided within the Medicaid program to the Audit Operations Division for the Office of the State Auditor. These referrals detailed excessive or improper use of claim modifiers used in conjunction with dermatologist evaluation, and management services in violation of MassHealth's Code of Massachusetts Regulations.

NOTABLE BSI ACTIVITY

“Operation Double Trouble” Nets Indictments for 28 Defendants Charged with Document and Benefit Fraud

In March 2017, as a member of the Homeland Security Investigation’s Document Benefit Fraud Task Force (DBFTF), BSI began an investigation into over 110 instances of identification documents used by different people to obtain Medicaid benefits in Puerto Rico and Massachusetts. In some cases, individuals using the same identity presented for medical services on the same day in both jurisdictions, which are 1,600 miles apart. On July 26, 2018, 28 individuals were indicted on multiple charges of document and benefit fraud by a federal grand jury. A BSI Senior Fraud Examiner worked on the DBFTF and testified before the grand jury.

The joint investigation found that 22 of the 28 defendants were not lawfully present in the United States, and that all 28 defendants received MassHealth benefits they were not entitled to. Federal charges include aggravated identity theft in violation of 18 USC 1028(A)(a)(1), false representation of a Social Security number in violation of 42 USC 408(a)(7)(B), and possession with intent to distribute cocaine and fentanyl in violation of 21 USC 841(a)(1). All of these indictments are in various stages of prosecution in the United States District Court for the District of Massachusetts.

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.